Daily Report

Latin America

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FBIS-LAT-95-213 *3 November 1995*

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Cuba

Reportage on UN Resolution To End U.S. Blockade

Government Notes UN Support

PA0211130795 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Nov 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba believes the draft resolution against U.S. blockade, which will be discussed on Thursday, 2 November, by the UN General Assembly will have a majority support, which the U.S. Government must take into account.

Cuban Foreign Ministry Spokesman Miguel Alfonso reiterated his country's trust in the international rejection of the punitive measure which has been adopted against the island for the past three decades.

In statements to the media, the Cuban Foreign Ministry spokesman said the resolution has the same characteristics as the previous ones, but mentions the rejection of the blockade by the Ibero-American Summit, the Movement of Nonaligned Countries, and the Latin American Economic System.

Since 1992, the UN General Assembly has widely rejected Washington's blockade against Havana, however the U.S. Government has adopted new measures to reinforce it.

Robaina on UN Vote

PA0211135295 Havana PRENSA LATINA in Spanish 2005 GMT 31 Oct 95

[By Roberto Molina]

[FBIS Translated Text] United Nations, 31 Oct (PL) — On 2 November and for the fourth consecutive time, the UN General Assembly [UNGA] will tackle the topic of the U.S. blockade on Cuba through the analysis of a draft resolution and the ensuing vote by the plenum.

The document has been dubbed "Need To Put an End to the Economic, Commercial, and Financial Blockade Imposed by the United States on Cuba," and it is topic No. 27 on the UNGA work agenda for the 1995 session that began on 13 September.

The draft resolution, presented by the Cuban delegation and which will be voted on by the 185 UN member states, received in 1994 the majority support of the international community with 101 yeas, two nays (United States and Israel), and 48 abstentions.

On the two previous occasions, the votes were 59-3 (United States, Israel, and Romania)-71, and 88-4 (United States, Israel, Albania, and Paraguay)-57, respectively.

This year's draft takes note of the report presented to this effect by Secretary General Butrus Butrus-Ghali, who included reports by the member nations explaining the nonenforceability by the governments of restrictive measures in their relations with Cuba.

Butrus-Ghali's report also includes extensive notes by UN organizations and agencies on the measures implemented to help counter the effects of the blockade, as well as the repercussions of those restrictions in the island's economic, social, and cultural situation.

The draft resolution reiterates its plea to all member states to refrain from issuing and enforcing laws and measures of this type in keeping with commitments with the UN Charter and international law, which uphold freedom of trade and navigation.

Once again, the resolution urges the states that continue to enforce these laws to abolish them or nullify them; asks the secretary general to prepare a new report on the subject, which will be submitted in the 1996 session; and establishes that this new report will be included in the provisional program under the same title.

In an interview with PRENSA LATINA during his participation in the general debate at the end of September, Cuban Foreign Minister Roberto Robaina remarked that currently a policy such as that of the blockade needs more than votes and reports.

It is necessary, Robaina stated, to move beyond condemning the U.S. blockade and begin to take action. Taking action would entail that those who voted in favor of his country now make a decision to invest there.

The Cuban foreign minister urged the United Nations to adopt a stronger position and not to limit itself to merely issuing a resolution condemning the U.S. embargo and drafting a report, but to try to promote more awareness through programs of the organization.

Robaina believes that the United Nations could also help those countries that are still afraid of backing Cuba to lose that fear and take the necessary steps to condemn the blockade.

More Comments on UN Vote

PA0311040095 Havana Cuba Vision Network in Spanish 0100 GMT 3 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] In statements to the NTV newscast, Foreign Minister Roberto Robaina has commented

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on approval by the UN General Assembly of the resolution condemning the U.S. blockade against Cuba:

[Begin recording] [Robaina] I would say the first thing that must be done before anyone can focus on the Foreign Ministry or any diplomatic effort is to pay tribute from the Foreign Ministry to the true authors of this vote. I believe the most important vote occurred and did not occur in the United Nations. In the United Nations, a vote was cast in favor of the millions of Cubans who in the most difficult scenarios of work, study, and combat in our own homeland, factories, industries, hospitals, bicycles, camel buses [camellos], and buses made it possible for the international community with its resistance to challenge what the United States has tried to impose for more than 30 years. To me, this is the fundamental cause of the vote today about which we all are cheering, which has been increasingly in our favor over the past three years.

[Unidentified reporter] There are interesting examples. For instance, Angola was absent from the vote. Uzbekistan voted against.

[Robaina] There are elements we must still analyze internally at the Foreign Ministry. The absences and abstentions, without referring specifically to the aforementioned cases — although the number of absences and abstentions declined— are still a figure that does not correspondence to the relations we maintain with those countries you mentioned.

I believe strong pressure is present concerning absences and abstentions. It is incredible that the largest power in the world has had to devote high-ranking officials from the Presidency to work in the hallways of the United Nations to pressure representatives of these countries to either not show up or abstain. Regrettably, we began hearing comments at this time that they share our view, but they cannot vote in our favor.

It is a true pity that there are still nations that are not sufficiently independent although legally independent to go to a vote and cast their vote as they please 50 years after the United Nations was founded. I am not even saying they should vote in favor of Cuba but should vote in favor of their own principles.

[Reporter] Will this lesson be enough for the United States?

[Robaina] We believe it may be enough, but I am telling you in all honesty that regardless of whether it is enough, Cuba decided a long time ago to undertake a path that we will not give up with or without a blockade. Therefore, it may be yet another lesson to the world. It may be useful or not to the United States, but for us I would say we have given the most important lesson before the vote took place.

The resistance and path we have chosen here do not depend on UN votes or blockades the U.S. Congress may try to intensify. [end recording]

Ambassador on UN Vote

PA0311040895 Havana Cuba Vision Network in Spanish 0100 GMT 3 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Upon learning the results of the UN General Assembly vote, this newscast contacted Ambassador Bruno Rodriguez, who granted this exclusive interview:

[Begin recording] [Rodriguez] More than a victory for Cuban diplomacy—by Cuban diplomacy you could mean everything being done in Cuba—it is a confirmation that the effort being exerted by our people is followed with admiration and respect by the international community, that it has enormous support from many friends, practically in all the countries, regions, and social sectors. They believe that not only the future of our people, the independence of our country, and the Cuban nation's existence as an independent nation are being determined in Cuba today, but also that an important battle is being waged for all the developing nations, the Third World, and the small countries. Of course, this is a topic the resolution's text will register for the next period of sessions, meaning the next General Assembly sessions, and it will obviously be a topic for discussion as long as the embargo continues, and it will be a victory for Cuba at the United Nations.

[Unidentified reporter] Has there been any reaction from the other UN member nations?

[Rodriguez] The reactions were evident, particularly yesterday, when great expectation prevailed at the United Nations, where Cuban diplomats received great encouragement and confirmation that most of the countries would support us in this morning's vote. The assembly hall was full quite early, and attendance was high, virtually all the delegations, a point which is unusual, to review the topics that have been discussed recently.

This confirms the importance they give to the issue of the U.S. embargo against Cuba. Following the vote, there have been festive expressions of euphoria, encouragement, and the confirmation that they will continue to support us on this issue. Of course, there is great hope our country will solve its economic problems and protect its independence and revolution at all costs. [end recording]

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Council of State Vice President on Vote

PA0311044695 Havana Cuba Vision Network in Spanish 0100 GMT 3 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Carlos Lage Davila, vice president of the Council of State, visited the Havana International Fair this afternoon. During his tour, he gave statements to this newscast on the UN vote favoring a lifting of the U.S. embargo against Cuba:

[Begin Lage recording] There have been more votes in favor, less abstentions, less nonparticipants, and I believe this cannot be interpreted as an isolated event or as an event that will have repercussions by itself. I believe this is an event that definitely represents an increasing worldwide opinion against the embargo.

In political terms, there is no doubt it represents a victory for the country, the revolution, and in economic terms, it is something that facilitates our economic efforts. I believe it supports the battle our country has waged with its resistance and the justness of its cause, and it contributes to this increasingly general feeling of the unfairness of the embargo. [end recording]

Havana Radio Reports on UN Vote

PA0311011895 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Nov 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] For the fourth consecutive year and with a majority vote, the UN General Assembly has approved a resolution against the blockade the United States has maintained against Cuba for over 30 years. With 117 votes in favor, three against, and 38 abstentions, the UN General Assembly also has condemned the United States' new attempts to intensify the blockade and give it an extraterritorial character. As usual, the votes against this measure were those of the United States and Israel, which were joined by Uzbekistan. Those who abstained include Japan, El Salvador, Guatemala, Germany, and Great Britain.

Analysts emphasize the fact that support for Cuba has increased, because the resolution against the blockade was approved by 101 votes in favor, two against, and 48 abstentions last year. Upon starting the debate, Cuba's permanent representative to the United Nations, Bruno Rodriguez, said it is shameful that an entire nation is suffering due to a unilateral, political decision just as the organization celebrates its 50th anniversary. Rodriguez has estimated the amount of damage caused to the Cuban economy in 1994 due to the blockade at over $1 billion.

Ministry Spokesman Views UN Vote, Emigrants' Conference

PA0211135195 Havana Radio Rebelde Network in Spanish 1800 GMT 1 Nov 95

[Report by Zeneida Costales; from the "National Radio News" newscast]

[FBIS Translated Text] Cuban Foreign Relations Ministry [Minrex] spokesman Miguel Alfonso held a news conference whose basic topics were: the United Nations' vote on a project to end the U.S. blockade against Cuba that will be held tomorrow in New York, and the second The Nation and Emigration Conference that will be held next Friday at the Conference Palace. Alfonso said tomorrow's vote will unquestionably be an addition to the concert of international voices that have expressed their opposition to the siege against Cuba.

[Begin Alfonso recording] It is my personal opinion that we will exceed the psychological mark of 100 votes in favor of this rejection. However, I would rather not give any estimates or make any predictions because this is absolutely important. The fact alone of having an absolute majority within this entity should unquestionably be taken into account except by those who do not wish to do so. Nevertheless, there will be quite a difference between those who do not want to compromise with this policy and those who do so. [end recording]

Moreover, Jose Cabanas, Minrex official in charge of the affairs of the Cuban community abroad, was at the news conference as usual. Cabanas confirmed the participation of 380 individuals in The Nation and Emigration Conference, of whom 60 percent are members of the Cuban community residing in the United States. The official did not dismiss a possible announcement of new measures. He expressed that the topic on politics and migration will be the most sensitive.

Official Interviewed on Emigrants' Conference

PA0111155495 Havana Radio Rebelde Network in Spanish 1800 GMT 31 Oct 95

[Interview with Jose Cabanas, head of the Directorate for Affairs of Cubans Residing Abroad, by journalist Zenaida Gonzalez; in the studio — live]

[FBIS Translated Text] [Gonzalez] This Friday at 1000 in the morning, the second The Nation and the Emigration Conference will begin. Next to me is Cabanas, with whom I would like to discuss some of the details of what is going to take place. It is clear that from an organizational standpoint this meeting will not be the

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same as the first one. I would like to know why, and what are the characteristics of this conference?

[Cabanas] Good afternoon. Indeed, the organization of this conference is not the same as the previous one, in which we spent most of the time in plenary meetings discussing four fundamental points or topics. This time, we will have time for plenary meetings. To be sure, we will have plenary meetings in the inauguration and closing sessions and perhaps on other occasions. A significant amount of time, however, will be devoted to panel debates on six fundamental topics, namely, culture, national identity, emigration policy, migration and citizenship policy, the economy, associations of people residing abroad, and the topic we have called the emigre and his surroundings.

The fundamental reason for the change has to do a little with the views we have gathered from the emigres and, of course, from the organizational commission. The ultimate objective is to have more time for productive discussion of ideas around specific topics. The participants... [pauses] one cannot expect the participants to have interests in the same topics. That is what we have tried to convey in the program.

[Gonzalez] Measures were proposed during the first meeting. Have they been enforced, as we are on the threshold of the second conference? Do you believe the emigres will have other expectations?

[Cabanas] Yes, in the first conference, a series of measures were announced, and later, in August 1994, others were announced. These measures basically deal with emigration. Some of the measures were to be immediately enforced. We have to say that everything Cuba announced it would do following the first conference is being enforced. At any rate, these conferences are not designed as a progress report or anything of the sort.

These are measures the Cuban Government is taking in a sovereign manner. They are implemented, and the enforcement of these measures is analyzed. It is we, first of all, who analyze the enforcement of these measures, however. It may be that the experience born out of practice may prompt us to take other measures, based on what we learn in our consulates and embassies and the views of the emigres. We are analyzing a series of topics.

If the conference provides the opportunity, we will announce them at that time; if not, we will later on.

[Gonzalez] Experts, scholars, and even journalists are talking of a change of scene among Cuban emigrants in the United States, as the second conference is about to begin. In other words, there is a difference between the time of the first conference one year ago and now. How do you feel about that?

[Cabanas] The change has been basically prompted by changes that have taken place in several countries and the United States. I think that a topic that is fundamental to those living in the United States deals with the immigration accord between Cuba and the United States and what the accord says. It seems we could be heading toward ending the use of emigration patterns and emigration to the United States for anti-Cuban purposes. Obviously, this situation entails changes in the status and life possibilities of Cubans, mostly those living in the United States.

An essential factor exists in that change of attitude. It has do with the way our country has survived the economic conditions we faced in 1989. At that time, many people among those emigrants made predictions about what was inevitably going to happen in Cuba. Six years later, those forecasts have not come true; nor will they, and this has obviously caused a change of attitude among those people. Perhaps, many of them disagree with the way we organize our economy and the pace we are going domestically, but in spite of that they do not participate in hostile actions against the country, do not support the U.S. blockade on Cuba, and are ready to support us in our struggle for our identity and sovereignty.

[Gonzalez] There has been talk of a silence in the Cuban community, and, now, there is talk of a new voice, do you agree with that?

[Cabanas] In every social group, there are new and old voices. There has been talk, as you rightly stated, of what some people describe as accurate from an academic standpoint. It is true, however, that in every society a minority engages in political activities, as an elite, say. This could also happen among the emigre masses. One would have to say, however, that none of the organizations — mainly those in the United States — we know traditionally, mainly the rightist ones, have represented the social bases that the emigrants have as [words indistinct].

[Gonzalez] As for yourself, a Foreign Ministry official, what are your expectations regarding this second conference.

[Cabanas] Just one. I hope everything goes as planned or programmed. Obviously, some things cannot be programmed. There are some topics that are very rich and have many aspects to them. The only thing we have planned is to exhaust as much as possible all the ideas that must be brought up. We have worked for a long

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time on this program and think that everything can be a success again.

GRANMA: Country To Prevent Subversive Actions

PA0211125295 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Nov 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba is not afraid of ideological debate but is ready to prevent subversive actions, according to an article published in GRANMA on the occasion of the Second Nation and Emigration Conference scheduled to be held in Havana on 3-6 November.

In an analysis of the Cuban emigration phenomenon, GRANMA said the changes in the government's policy regarding this topic are due to changes experienced by emigrants themselves, the majority of whom want normal relations with Cuba and closer ties among families.

The commitment of the Havana Government in resolving these problems has led to confrontations with extreme right-wing counterrevolutionaries in the United States, who are opposed to dialogue between two countries, thereby showing who really violates human rights, GRANMA added.

GRANMA on New Ties With Exiles

PA0211184495 Havana PRENSA LATINA in Spanish 1525 GMT 1 Nov 95

[FBIS Translated Text] Havana, 1 Nov (PL) — The Cuban Government stated today that it has always shown all the initiative to resolve the contacts between the emigres and their relatives, their culture, and their land.

"It was not the revolution that divided or separated Cuban families, instead, it was the revoltion's enemies. Nevertheless, we revolutionaries are the ones interested in normalizing relations between Cuba and the community in exile [el exilio]," says an article in GRANMA, the official mouthpiece of the Communist Party of Cuba.

The article says that the changes that have taken place in Cuba's policies toward the community in exile are due first to "the changes taking place all these years in the core of the emigration."

The article refers to the second conference "The Nation and the Emigration," which will take place in Havana between 3 to 6 November and which some 350 Cubans living abroad, mainly in the United States, are expected to attend.

Commenting on the political moment that the meeting will take place in, GRANMA recalls the adverse moments at the start of the dialogue in 1978 and the way it was blocked by its detractors, creating a clandestine ideology or the withdrawal of many participants.

Columnist Amado Soto adds: "On the other hand, the revolution is characterized by a high sense of fairness, humanism, and generosity. Our country does not bear a grudge, and hatred does not motivate anyone."

Further on he refers to the debates on foreign investment during the last National Assembly sessions, where a lack of consensus could be seen among Cubans regarding the community in exile.

"There are many interpretations of the ongoing process with the emigration and about the emigrants themselves, where there are points of view that are simplistic and there is confusion, a lack of information, and speculation," the article states.

The editorial entitled "Again, the Emigration," discloses likewise that there is new criterion — close or agreeing — on both sides, which makes it possible to continue advancing on the way toward normalizing links with the Cubans in exile.

Havana Hosts Ibero-American Customs Directors' Meeting

PA0311043195 Havana Radio Rebelde Network in Spanish 1800 GMT 31 Oct 95

[From the "National Radio News" newscast]

[FBIS Translated Text] The 16th meeting of customs directors of Latin America, Spain, and Portugal is being held in the Corona Hall of the Melia Hotel, with the participation of several international organizations such as the Latin American Integration Association, the Inter-American Development Bank, the World Customs Organization, and the Caribbean Council for the Implementation of Customs Law.

A comparative study of customs laws that control the administrative and penal aspects of customs infractions in member nations took place during the meeting. In addition, a proposal on international terrestrial traffic, and a comparative analysis of laws regulating customs agents were submitted.

Likewise, the Cuban delegation illustrated Cuba's serious commitment in the fight against drug trafficking, even though drugs are not a social problem in Cuba.

Participants also discussed the extent of the dependency of member nations' customs service on their finance ministries.

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Finance and Prices Minister Manuel Millares presided the meeting. He stated that — given the boom of foreign capitals in the different sectors of Cuban economy — Cuba adopted the Kyoto accord that coordinates and simplifies customs law, and most provisions in the accord have been implemented, such as customs deposit, temporary admission for active improvement [perfeccionamiento activo], and [word indistinct] among them. Millares added that a new customs law is being studied, and a new tariff law is being prepared to adjust the Cuban law to the recent agreements reached during the Uruguay Round.

The aspiration of all Ibero-American nations to unify and work together to strengthen fraternal bonds and cooperation was understood during the meeting.

Lage Views ECONOMIST Meeting, GNP Increase

PA0211165195 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Oct 95

[From the "National Radio News" newscast]

[FBIS Translated Text] GRANMA today reported that Carlos Lage, vice president of the Council of State, said in the third roundtable sponsored by THE ECONOMIST magazine and held behind closed doors at the Palace of Conventions for two days: We have confidence in the people who did not let pressures keep them from investing in Cuba. The number of investors will be more numerous in the near future.

Nearly 200 businessmen of 27 countries participated in the event. The organizers said this has been the meeting with the largest number of participants. THE ECONOMIST, a prestigious British magazine, holds approximately 30 such meetings in several countries with the purpose of promoting relations between businessmen and their host countries.

Also, the meeting revealed the marked and growing interest of foreign companies in opening businesses in Cuba, precisely at a time when the United States both pressures and threatens foreign enterprises that approach the island and attempts to tighten the embargo.

In his opening speech, Lage said that the Cuban economy's positive trend has been affirmed in the first nine months of the year. Cuba's GNP increased by 2.3 percent. GNP increased for the first time in six years. This indicator increase is represented in increases in the manufacturing industry, vegetables, fishing, the mining of nickel and other minerals, crude oil exploitation, and foreign exchange retail business.

Lage, who is also secretary of the Council of Ministers' Executive Committee, added that these results offset to some extent the decreased sugar production and that the economy's 7-percent increase indicates that the measures adopted by the party and the government have started to yield fruit and, above everything else, that the Cuban people have been able to resist.

Finance Minister Confirms Signs of Economic Recovery

PA0211183595 Havana PRENSA LATINA in Spanish 0918 GMT 1 Nov 95

[Report by Julio A. Machin]

[FBIS Translated Text] Havana, 1 Nov (PL) — Manuel Millares, Cuban minister of finance and prices, stipulated that in spite of the more than unfavorable sugar production, it is expected that economic growth will still surpass 2.3 percent by the end of the year.

According to the Cuban finance minister's forecast, which was made public during a speech before the Latin America, Spain and Portugal Customs Directors meeting taking place in Havana, the country's economy is beginning to show concrete signs that it is beginning to overcome its current difficult situation.

Millares explained that during 1994 it was finally possible to halt the continued decline of the country's production which had begun to take place since 1989, and at the same time ensure a modest 0.7 percent GDP growth.

Millares indicated that during the past nine months of the current year local manufacturing firms had grown by 10 percent, exports by 16 percent, and imports by 7 percent.

To the finance and prices minister, increase in the commercial exchange with the other Latin American countries has been quite significant since it grew from 5.7 percent in 1989 to 34 percent in 1994.

In his opinion, Cuba is one of the few countries in the past 30 years that has been forced to redirect its economic development program and particularly its foreign trade program.

With the fall of the socialist system in Eastern Europe, Cuba lost its most stable market, a reliable source of financing and privileges as relates to prices.

In short, in the blink of an eye, the Caribbean island witnessed the loss of 75 percent of its foreign trade and the likelihood of continuing its development strategy.

At any rate, according to Millares, the most difficult loss was not its stable trade, or fair prices, or easy financing, but the disappearance of the economic integration accomplished after three decades of intense work.

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This abrupt loss, the finance minister stipulated, was more difficult to a country like Cuba that has a high dependence on foreign trade and is threatened by a tight economic blockade imposed by the most powerful nation on earth, the United States.

As result of this, a severe decline in the country's economic situation and the population's standard of living has taken place. Accumulated GDP in 1993 alone was 34.8-percent less than in 1989 while per capita GDP was 38-percent less.

On the other hand, the government's determination to continue with its policy of social justice, particularly as it relates to levels of employment, education, and health, caused a noticeable increase in the budget deficit that climbed to an unprecedented high of 5 billion pesos.

This imbalance led to an increase in cash liquidity, without any backing whatsoever, in hands of the population which in turn strongly affected motivation for work and productivity, Millares explained.

In view of the apprehension this situation prompted, a program to reorganize public finances was put into effect by mid-1994 the basic objectives of which was to rapidly cut the deficit and reduce, up to reasonable levels, the amount of monetary mass in the hands of individuals.

Measures such as reductions in the amount of subsidies to state agencies, increase in the price of goods and nonessential services, elimination of all gratuities, and the implementation of a new and wide-ranging tax system were in effect during a 16 month period.

According to figures disclosed by the minister, the effects of the measures have so far been satisfactory and it has been possible to cut the budget deficit by 72 percent with respect to last year.

Since 1 June 1994 up until the end of September, one out of three pesos had been withdrawn from circulation.

The amount of national currency that had been taken out of circulation contributed to appreciate the peso five times over the U.S. dollar at the informal exchange rate, from 140-150 pesos per each U.S. dollar to 25-30 pesos per dollar where it currently stands.

The official exchange continues at a one per one level.

During the year the Cuban parliament approved the budget that contemplates a deficit amounting to merely 1 billion pesos. Despite fiscal estimates, several analysts agree that the real deficit will not surpass 800 million pesos to finally settle at more or less 4 percent of GDP.

One of the activities most effective in reactivating the country's economy has been the growth promoted by business associations backed by foreign capital that has already given way to more than 200 joint ventures and 623 foreign firms representatives.

The foreign minister ended by indicating that in order to "fertilize" this growing form of economic association, the Cuban government implemented a new foreign investment law which is less complicated, more transparent, and offers foreign investors more guarantees.

Trade Minister Discusses 'Confidence' in Economy

PA0211161095 Havana Radio Havana Cuba in Spanish 1300 GMT 31 Oct 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Foreign Trade Minister Ricardo Cabrisas has assessed the increase in the number of international businessmen participating in the 13th Havana International Fair as the confirmation of the prospects the recently enacted foreign investment law offers, as well as of the confidence in and reactivation of the national economy.

He noted that in the past two years our commercial exchanges with the United Kingdom and EU have been reactivated, mainly because of the fact that that group of countries have expressed their policy against the U.S. blockade on Cuba.

Cabrisas said that it was significant that a dialogue between the EU and Cuba is to begin soon without preconditions or [word indistinct] that will lead us to joint purposes, namely, greater understanding and strengthening of our ties.

National Tourism Workers Union Founded

PA3110193395 Havana Cuba Vision Network in Spanish 0100 GMT 29 Oct 95

[From the "NTV" newscast]

[FBIS Translated Text] The National Tourism Workers Union was founded today, the 19th union to join the Cuban Workers Federation [CTC]. Tourism Minister Osmany Cienfuegos participated in the CTC congress during which the 56,000-member union was founded. Cienfuegos stressed the importance of competition to successful tourist trade. Congress participants stressed that quality — so essential to competitiveness — demands excellence and efficiency in the services provided. They agreed to help promote the tourist trade and encourage political organizations, unions, and management to work together to replace anyone who damages the tourism industry's image through corrupt practices. Union members also discussed training issues and workers donating money earned from tips to health care

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services, which have reaped over $700,000 nationwide thus far. The union members also discussed the role of employment agencies, the only organizations authorized to place people in jobs. Participants made clear during their addresses that tourism workers should remain revolutionaries and politically involved while exercising professional skills. Comrade Rodolfo Jimenez Polanco was elected National Tourism Workers Union secretary general.

Commentary Discusses Market, Sales, Taxes

PA0211171395 Havana Radio Rebelde Network in Spanish 1255 GMT 31 Oct 95

[Report by Jesus Alvarez Lopez from the "Doing Radio" newscast]

[FBIS Translated Text] It is impossible to discuss the farmers' market without mentioning the controversial subject of taxes which, to begin with, must be differentiated from the rent charged for stalls, transportation, and services. The 5-percent sales tax charged in Havana, the 10-percent tax charged in provincial capitals, and the 15-percent tax charged in the rest of municipalities are not high when compared with international practice. In addition, these taxes are also fair because the amount charged is not fixed but based on a percentage.

I think rent should not be established this way, however. If the administration has authority to charge varying amounts for stalls, I cannot imagine how cheating can be prevented. In addition, I cannot understand why a carpenter's shop should charge for the rent of a saw according to the salary of the person renting it. I think rent should be moderate, like in the former farmers' markets, not because this determines the prices but to attract vendors.

Now, back to taxes. Why collect them early in the day according to the goods the vendor brings in, thus fixing an amount at the beginning instead of through a sworn statement of true sales? The purpose of charging taxes at the beginning is to have prices correctly estimated, former finance minister Jose Luis Rodriguez said one year ago. He added: These taxes obviously are subject to an analysis and their behavior is being measured just as that of the whole market to make the necessary adjustments. One year later, I think the time has come for such adjustments.

Some people have raised the ghost of the impossibility of controlling true sales. I will try to make myself understood through an illustration. If a vendor brings 100 kg of pork to the market and sells the first 20 kg at 25 pesos a pound but he must lower the price in order to sell the rest, he will be controlling himself because he will be the first one interested in reporting to the market administration that he was forced to lower his price. The tax paid for all the goods at the beginning of the day becomes a mechanism to check the price reduction and in practice increases the taxes when the vendor is forced to sell at lower prices if he wants to sell the merchandise. Of course, it is clear that it is production and supply which in the long run determine prices and that, to increase it, more demand is necessary. If the demand gets lower gradually, it is necessary to revert this process because the proliferation of black market sales at reduced prices, not because those who make them are noble and generous but because they pay neither taxes nor rent, is a reality in plain sight.

Roundup of Economic Developments Through 31 Oct

PA3110203895

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 31 October.

Colombian Development Minister Rodrigo Marin has described Cuba as a model of economic change for other countries to follow. He recently signed construction, tourism, economic, and planning agreements with Cuban authorities. (Havana Radio Havana Cuba in Spanish 0000 GMT 22 Oct 95)

Tourism investments have come to Cuba, with the introduction of foreign capital. The tourism industry has recorded approximately $300 million in investments and $149,539,000 in credit concessions over the past five years. (Havana PRENSA LATINA in Spanish 0725 GMT 23 Oct 95; datelined Havana)

Cuban authorities have again invited foreign enterprises to explore for oil on the island, which is expected to produce 1.4 million tonnes of oil in 1995. (Havana PRENSA LATINA in Spanish 1652 GMT 26 Oct 95; datelined Havana)

Ukrainian Prime Minister Yevheniy Marchuk has said that Cuba and his country hope for excellent relations with the exchange of Ukrainian machinery and fertilizers for Cuban sugar and nickel. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 24 Oct 95)

Ciego de Avila oil workers are the first in the country to meet their 1995 drilling and production goals, producing 30,000 tonnes more oil than last year. This puts the Majagua plant in a favorable position to surpass its all-time record of more than 161,000 tonnes, set in 1969. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Oct 95)

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The tire factory in San Jose de las Lajas has increased its output to above the anticipated goal. There are now enough tires to be used on sugar harvest machinery for this year's work. (Havana Cuba Vision Network in Spanish 0100 GMT 28 Oct 95)

A total of 100,000 quintals of rice have been lost to floods in Pinar del Rio. (Havana Radio Rebelde Network in Spanish 1800 GMT 28 Oct 95)

Roundup of Sugarcane Developments Through 29 Oct

PA3010024395

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 29 October.

Delegates from Ciego de Avila Province to the 19th sugar congress have vouched to ensure that every sugar mill there meets production goals during the next harvest. Among the topics discussed at this congress were land preparation, efforts made at Sugarcane Basic Production Units, costs, maintenance operations, and quality in particular. Other issues discussed were the need to eliminate burning of sugar fields and worker compensation and incentives. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Oct 95)

According to a Havana, 20 October datelined item, the price of raw sugar dropped four points in the New York market from 16 to 20 October while refined sugar dropped 76 points in the Paris market, the Cuban Enterprise for Export of Sugar and Sugar Byproducts, Cubazucar, reported today. Cubazucar added that raw sugar closed that period at a price of 12.04 cents of a dollar per pound while refined sugar closed at 17.32 cents of a dollar per pound. (Havana PRENSA LATINA in Spanish 0004 GMT 21 Oct 95)

According to a Havana, 21 October datelined item, Cuban production and exports in metric tonnes were as follows: in 1989, production of 7,579,007 metric tonnes and exports of 7,123,312; in 1990, production of 8,444,702 and exports of 7,171,762; in 1991, production of 7.623 million and exports of 6.767 million; in 1992, production of 7.013 million and exports of 6.086 million; in 1993, production of 4,245,716 and exports of 3,661,955; and in 1994, production of 4 million and exports of 2,503,476. The export figure for 1994 includes only exports from January to May. These figures are based on information in the following publications: Sugar Year Book, The Economist Intelligence Unit, Iso Statistical Bulletin, and Cuba Business. (Havana PRENSA LATINA in Spanish 1805 GMT 21 Oct 95)

The leaders of Union of Sugarcane Workers of Havana are currently meeting at the 13th session of the Congress of the Union of Sugarcane Workers to talk about the upcoming harvest, among other topics. Esteban Lazo, first secretary of the Cuban Communist Party in Havana and Pedro Ross, secretary general of the CTC [Cuban Workers Federation], are presiding the event. Participants talked about the need to increase production at the Martinez Prieto Sugar Mill, the only mill in the capital. (Havana Radio Rebelde Network in Spanish 1800 GMT 23 Oct 95)

Camaguey Province is lagging behind schedule in the sugarcane planting season because of heavy rains, among other reasons. The province should plant 1,200 caballerias of sugarcane between July and December 1995, but up to now only 330 caballerias have been planted. One of the reasons for the slow planting is the lack of availability of plowed land to plant the seeds basically as a result of the heavy rains in the last few months. (Havana Radio Rebelde Network in Spanish 1800 GMT 23 Oct 95)

Unidentified Sugar Industry Ministry official in Holguin Province said the industry's efficiency in the province was low last year, it was below 80 percent. He said a great effort has been made in the agriculture sector in the province this year and that the province is in a special conditions to comply with the sugarcane harvest program. (Havana Radio Rebelde Network in Spanish 1255 GMT 26 Oct 95)

The 60 Aniversario de Holguin Sugarcane Combine Enterprise has produced some 160 modified KTP-2 machines up to date as part of its contribution to the upcoming harvest. A total of 245 combines should be ready by the time the 1995-96 harvest starts. These will replace 490 harvesters, which will cut 10 percent of the cane. In addition, a total of 16 ammonia plants were set up to contribute to a better distribution of nitrogen to the sugarcane fields, which will reduce fertilization costs by nearly 50 percent, according to Modesto Naranjo, director of agrochemicals of the Sugar Industry Ministry. (Havana Radio Rebelde Network in Spanish 1255 GMT 26 Oct 95)

Roundup of Politburo Members' Activities Through 27 Oct

PA2710140595

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 27 October.

Commander of the Revolution Juan Almeida Bosque, today received Mr. (Franco Yuri) who proceeded to

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present his credentials accrediting him as new Slovene ambassador in Cuba. Also present during the ceremony was acting Foreign Relations Minister Isabel Allende. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Oct 95)

Gen. Raul Castro Ruz today received Ukrainian Prime Minister Yevhen Marchuk who arrived to Cuba accompanied by a high level delegation. Also present at the Jose Marti International Airport to welcome the Ukrainian prime minister were other Cuban high ranking officials such as Juan Almeida Bosque, vice president of the council of state, and Carlos Lage, secretary general of council of ministers. It is the first time since 1992 that a high ranking Ukrainian delegation has visited Cuba. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Oct 95)

Army General Raul Castro, second secretary of the party and minister of the Revolutionary Armed Forces presided over the year's third meeting to analyze the progress of the Turquino Plan. Also taking part in the meeting was Agriculture Vice Minister Ulcides Ramos, who as secretary of the National Commission was responsible for presenting the report covering the fundamental activities carried out by the National Commission, together with the state's central administration agencies, and territories linked to the mountain regions beginning with the last meeting held this past month of May. At the time, Raul urged for rapid measures to be implemented in order to counter all obstacles affecting the normal development of the Turquino Plan. Also presenting progress reports were Agriculture Minister Alfredo Jordan, member of the party's political bureau and president of the Turquino Plan National Commission, and Domestic Trade Minister Barbara Castillo. (Havana Radio Rebelde Network in Spanish 1255 GMT 26 Oct 95)

In statements to the press, Agriculture Minister Alfredo Jordan congratulated the city of Havana for being the only city in the country that has kept up-to-date records of all tillable land, most of which is already being harvested, and for maintaining the largest number of plots producing vegetables and crops with which to augment the basic staples basket. (Havana Radio Rebelde Network in Spanish 1800 GMT 26 Oct 95)

PRENSA LATINA, VIETNAMESE NEWS AGENCY Sign Accord

PA3110230495 Havana PRENSA LATINA in Spanish 0452 GMT 27 Oct 95

[FBIS Translated Text] Havana, 27 Oct (PL) — The VIETNAMESE NEWS AGENCY (VNA) and PRENSA LATINA (PL) have agreed to intensify mutual historical relations by signing a new accord on cooperation here.

PL President Pedro Margolles Villanueva and VNA Director General Do Phuong, who concluded a four-day visit to Havana, signed the accord at PL headquarters.

The accord seeks to increase relations between both members of the pool of news agencies within the Nonaligned Movement (NAM) in the information and communications spheres, among others.

It also conveys the PL and VNA desire to increase cooperation in other areas pertaining to journalism.

The two organizations agreed to conduct efforts to activate the information pool of NAM members, which is presided over by the IRANIAN NEWS AGENCY (IRNA). IRNA signed an agreement with PL recently.

During his visit to Havana, Phuong was decorated with the Order of Friendship, a medal which was conferred by the Council of State of the Republic of Cuba.

In addition, he met with important government officials and members of the Cuban Communist Party (PCC) within the framework of the close and historical relations existing between Vietnam and Cuba.

Haiti

Parliament Ratifies Werleigh as Prime Minister

PA0211140995 Port-au-Prince Tropic FM in French 1300 GMT 2 Nov 95

[FBIS Translated Text] The Haitian Parliament ratified on 1 November the designation of Claudette Werleigh at the post of prime minister. Before being definitively confirmed as the head of the government, Mrs. Werleigh has to obtain a vote of confidence at both the Senate and the Chamber of Deputies on the declaration of her general policy. These votes will take place between now and the end of the week.

St. Vincent and Grenadines

Joint Communique Signed With Taiwan Foreign Minister

OW0311022595 Taipei CNA in English 0136 GMT 3 Nov 95

[By Edward and Flor Wang]

[FBIS Transcribed Text] St. Vincent, Nov. 2 (CNA) — Republic of China [ROC] Foreign Affairs Minister Chien Fu on Wednesday [1 November] signed a joint communique with his counterpart from St. Vincent and the Grenadines, Alpian Allen, stressing the two nations' intention to further boost bilateral cooperation.

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Chien, who returned to the capital Wednesday morning after paying a visit to the Belgiua island hometown of St. Vincent Prime Minister James Mitchell, also called on Governor-General Sir David Jack.

Later in the day, Chien, on behalf of the ROC Government, conferred medals on Mitchell and Allen in recognition of their contribution to the promotion of friendly ties between the two countries.

Chien and his wife will attend a state banquet hosted by Mitchell Wednesday evening. More than 50 cabinet-level officials and social leaders are expected to attend.

Chien will inspect an ROC agricultural mission stationed in San Vincent on Thursday.

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Commerce Secretary Interviewed on Economic Model, NAFTA

Part I

PA0311010795 Mexico City LA JORNADA in Spanish 27 Oct 95 p 51

[Part one of a two-part report on an interview with Commerce Secretary Herminio Blanco by Patricia Munoz Rios; place, date not given — first five paragraphs are introduction]

[FBIS Translated Text] The neo-liberal economic model will not be modified; it works very well and must be improved, because "its application has been successful," Commerce Secretary Herminio Blanco has said. Blanco has said during an interview he is confident that this model will extricate the country from its large-scale crisis within a short time and that the economy can be expected to improve in 1996 from 3-3.5 percent of the GNP.

Blanco, one of the Mexican Government's leading representatives in the NAFTA negotiations, also has defended the import substitution program, adding that it does not contradict NAFTA or entail a step backward.

He has denied this import substitution program carries with it the admission that the economy has experienced an unexpected commercial opening or a step backward in liberalization. He has said: "This is simply a way to recognize that the local industry can manufacture most of what it imports."

He has affirmed that the crisis would have been "worse" without NAFTA.

Although his working agenda is overloaded, Blanco looks calm while defending the government's current economic outline.

[Munoz] Why continue with the "neo-liberal" economic model if the current large-scale crisis is attributed to it?

[Blanco] This model brought about a fundamental change in Mexico within a period of time too short for the history of a man and a country, specifically 10 years. This change entailed shifting from a country completely closed to the world in 1985 to an open economy in 1995. "The model has made it possible for Mexico to stop being a country that basically sells oil and become an exporter of manufactured goods."

[Munoz] Something is missing, however. We had been told this neo-liberal model would make it possible for the Mexican economy to take off in this six-year term.

[Blanco] The model works very well. The model must be improved to provide growth incentives for the various sectors. Together with the decision to maintain the pact, the model will ensure growth for the next year at a rate of between 3-3.5 percent.

[Munoz] Do you think, then, the neo-liberal project will yield results in the long term?

[Blanco] We do think we need to apply the necessary measures for a competitive production system to create jobs in Mexico. This is the reason for deregulation, privatization, market opening, and the opening of other markets. "This is why greater efforts also have been made in the present administration to open the transportation, communications, and energy sectors to foreign investment so all of these sectors can have international competitiveness standards. Consequently, the model we are following is intended to increase competitiveness in each of the lines so each Mexican individual and family can have a sure source of income."

[Munoz] If the model has not failed, did the men who apply it fail?

[Blanco] You mean the causes of the crisis, but the most important thing for us as government and society is trying to overcome the crisis. "Once we have gotten to the bottom of what this crisis has been, a lack of equilibrium in the balance with other countries, and have solved this problem—we are certain we will have a healthy commercial balance next year as well as a healthy balance with the government—this country will stand the best chances for growth."

[Munoz] Why didn't NAFTA operate as an anti-crisis vaccine and an instrument against economic disease?

[Blanco] NAFTA is a great instrument to increase our growth because it opens markets for Mexican exports, lowers tariffs, and reduces the cost of the supplies we import. We import not only supplies, which are capital goods, but others that also are important, such as transportation. "With everything the crisis and the reduced national demand have meant, the crisis would have been bigger than we have witnessed if we had not had the changes NAFTA has prompted. The liberalization of trade and the economic model have worked well and have made it possible to allay this crisis."

[Munoz] What happened to the great benefits NAFTA was supposed to bring to the people?

[Blanco] The truth is the economy has decreased, but NAFTA and the other agreements signed have allayed the considerable impact caused by the reduction of resources. In this way, the treaties have succeeded in increasing the number of jobs in Mexico. "The truth is that the treaties have served to diminish the effect of the

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crisis, which was caused by the simple fact that the rest of the world failed to lend us 8 percent of our GNP."

[Munoz] How is the import substitution program inserted in NAFTA? Isn't it contradictory?

[Blanco] Not at all. If we consider that Mexico has imported supplies in an amount exceeding $42.749 billion this year, Mexican producers could sell close to $10 billion worth of supplies to the importing enterprises; thus, we have launched the import substitution program, with a view to having the big exporting enterprises work together with importing enterprises.

[Munoz] Nevertheless, a great controversy has been elicited regarding the import substitution program. It has been said this is the big return to the policies of three six-year terms.

[Blanco] According to our analysis, in order to lower imports we only have to hold a meeting between those of us who import supplies and consumer goods and local producers.

[Munoz] What do you think about this controversy?

[Blanco] The various sectors are free to express their opinions. The most important thing is what we are doing, not discussing what we are doing or have not done. If we add up the imports, we will find that they amount to close to $45 billion. Maybe we will not substitute for everything but, rather, only $15 billion or $20 billion that we can sell, meaning a large growth in production and number of jobs in Mexico.

[Munoz] Why open the economy and then introduce an import substitution program? Wasn't it necessary to open the market to lower prices?

[Blanco] No, no, no, no. This is completely consistent with the opening. This is a way to recognize the change the production system has carried out regarding competitiveness and the great opportunities entailed in substituting for imports that already add up to $45 billion and which at the end of the year will exceed $50 billion worth of goods we import but are able to produce, either by ourselves or through joint ventures with international producers interested in Mexico.

In the past few days, Blanco's remarks that an import substitution scheme would be highly beneficial for the country's economic growth caused an uproar in the various production sectors, although he argues in this interview for the causes that bring about the discussion of the subject again.

Part II

PA0311043295 Mexico City LA JORNADA in Spanish 28 Oct 95 p 44

[Part two of a two-part report on an interview with Commerce Secretary Herminio Blanco by Patricia Munoz Rios in Mexico City; date not given — first three paragraphs are LA JORNADA introduction]

[FBIS Translated Text] Herminio Blanco, commerce and industrial development secretary, has disclosed that the country's commercial opening "will be accelerated."

Seated in front of a large round table in the "room next to his office," the official calmly explains that the United States, Mexico, and Canada created a list of 155 industrial branches in which "the interest is" to accelerate commercial deregulation.

In his opinion, "it would advisable to" the three countries to hasten the opening in the different industrial areas that was negotiated in the North American Free Trade Agreement (NAFTA).

[Munoz] So, the plan to open the three economies more rapidly has not been canceled then?

[Blanco] We have not reached an agreement yet.

[Munoz] In what items will the tariffs be lifted?

[Blanco] Each country has submitted its stances, and there is a possibility that we may reach a final agreement, but we have not been able to conclude this matter.

[Munoz] How are the negotiations taking place?

[Blanco] What happens is that Mexico, the United States, and Canada have submitted their requests and offers regarding the items in which each country has a greater interest in deregulating. Therefore, each country has submitted its requests and offers, but we have not been able to reach an agreement.

[Munoz] Will the deregulation of the Mexican economy be accelerated that way then?

[Blanco] In principle, I would say that it would be to everyone's advantage to accelerate it. Mexican exporters are interested in this. They have filed very important requests that would entail the elimination of tariffs on Mexican exports. Achieving this objective does not depend only on us, however, but on the other two partners.

"NAFTA has opened up other possibilities to the Mexican economy and not just in terms of commerce but also in terms of foreign investment."

[Munoz] Has not foreign investment fallen?

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[Blanco] In recent weeks we have had very good news regarding foreign investments, since in addition to the projects announced in New York close to $12 billion for the next years and the announcement by the mining industry that its short-term investments will grow by $5 billion, major projects in the automobile sector have been finalized.

"For example, Volkswagen announced that its Golf and Jetta models will only be produced in Mexico. That means that instead of producing them in Brazil, the United States, or Germany, all the cars to be sold in North America will be made in Mexico. In addition, the new sedan model, named "concept one," which is an advanced and sophisticated version, will also be produced in the country to be sold in all the world markets."

[Munoz] With regard to foreign commerce, economic analysts say that the trade balance surplus is due exclusively to the assembly plant sector, and if that this were eliminated our balance would be zero.

[Blanco] The vitality of exports comes from the manufacturing not the assembly plant sector. The assembly plant industry has a strong growth of 20 percent, which has meant close to 90,000 new jobs for Mexico.

[Munoz] Yes, but to date we have a foreign trade surplus of over $5 billion, and we can attribute most of it to the assembly plants, right?

[Blanco] A large part of it...

[Munoz] As for the domestic market, one gets the impression that prices have been allowed to rise arbitrarily, and that we have some lack of control over the local market where each store sets its price. How do you feel about that?

[Blanco] Three comments. First, the inflation is under control and is going down. Secondly, in a country where one tries to have a price conduct that does not reflect cost increases two inevitable things happen, one is shortages and the other is unemployment...

[Munoz] And the market? What is regulated under the forces of the market?

[Blanco] The market indicates that we have a good stock of supplies, as it has been handled. If price increases had not been allowed, we would not have a good supply, and there would be no products in stores, and that is the worst evil.

The interview ends because of the official's commitments. While accompanying this reporter to the door, Blanco stated: "Remember that Mexico is the priority. It is good to sell newspapers, but it is better to look after the country."

Economic, Counter-Narcotics Accords Signed With Nicaragua

PA0211183495 Mexico City NOTIMEX in Spanish 0120 GMT 1 Nov 95

[FBIS Translated Text] Mexico City, 31 Oct (NOTIMEX) — The governments of Mexico and Nicaragua today concluded in this capital their first binational meeting by signing the respective documents which define the accords reached on political, economic, cultural, and education matters.

During the meeting which began on Monday, the delegations of both countries outlined new paths of cooperation in the political, economic, commercial, financial, technical-scientific, educational-cultural, and counter—narcotrafficking aspects.

In the political field, the delegations of Mexico and Nicaragua agreed to hold periodic meetings conducive to holding the Tuxtla Gutierrez II Summit in San Jose, Costa Rica, in February.

The meeting will succeed the first meeting held in the southern Mexican state of Chiapas in 1991, during which the governments of Mexico and Central America agreed to strengthen political and commercial relations.

The document, signed by Mexican Foreign Secretary Jose Angel Gurria and Nicaraguan Foreign Minister Ernesto Leal, established that both countries will convoke a regional conference to broach the migration phenomenon in March 1996, without specifying the place of the meeting.

In the two-day meeting, the parties installed working tables for political, migration, narcotrafficking, economic, commercial, financial, technical and scientific cooperation, and cultural and educational issues.

According to the final document of the first binational meeting, it was agreed to strengthen the existing cooperation mechanisms in terms of the anti—narcotrafficking struggle and to exchange information on the traffic and consumption of drugs.

Both countries pledged to promote consultations between their respective countries for the signing of treaties on the recovery and return of stolen vehicles and aircraft.

In their closing speeches, the foreign ministers reiterated the position their countries adopted at the Fifth Ibero-American Summit in San Carlos de Bariloche, Argentina, to reject the coercive measures that affect the region and which preclude a free exchange of trade.

Regarding the economic topic, Mexico and Nicaragua reiterated the commitment of their governments to

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conclude negotiations by the year 2005 to form a free trade zone.

On the topic of the foreign debt, based on an agreement signed in November 1994, both governments agreed to hold a high-level meeting in Mexico City in early November to define specific action plans.

The delegates also committed themselves to promote businessmen's meetings while Nicaragua reiterated the proposal to open a Mexican trade consultation office in Nicaragua.

On the topic of technical and scientific cooperation, the foreign ministers voiced their satisfaction with the results reached at the Third Meeting of the Mixed Technical and Scientific Cooperation Commission held within the framework of the binational meeting.

At the same time, they voiced their satisfaction with the signing of a new basic agreement on scientific and technical cooperation that will update the existing one.

During the binational meeting, the governments of Mexico and Nicaragua held the fourth meeting of educational and cultural cooperation and signed a cooperation program on the topic for the 1995-1997 period.

PRD Issues Resolution on National Talks

PA0211204095 Mexico City LA JORNADA in Spanish 30 Oct 95 p 14

["Text" of the national talks resolution issued by the 12th Plenary Meeting of the 2d National Council of the Party of the Democratic Revolution, PRD, on 28 October 1995 in Mexico City]

[FBIS Translated Text]

I. The Features of the National Talks

Mexico is living through defining moments in history: either we find a democratic solution to the economic, political, and social crisis we are experiencing or the ungovernability in which we are already living will worsen.

The economic crisis is worsening, and the government of the republic insists on implementing the policies that triggered it and that constantly violate the national sovereignty. The very serious deterioration of the living conditions of Mexicans make social uprisings more likely in the short run, thus eliciting unpredictable consequences.

On the other hand, the local electoral processes continue to be held amid the unfair and dishonest conditions that have characterized the current political system. So far, there is no evidence of the government's political resolve to ensure that the elections will be described as democratic. The practices and mechanisms implemented by the state party for years are being kept, especially in those states where such governors as Manuel Bartlett Diaz rule. He is attempting to become the leader of those who openly oppose the country's democratic transition.

Impunity and the systematic violations of human rights and, in general terms, the state of law in Guerrero persist, as is the case with the postelectoral problems in Tabasco, Yucatan, and Chiapas. The clarification of political murders continues to be hindered, and such provocations as the arbitrary and illegal arrest of Fernando Yanez are taking place. In general terms, the federal government's inability to reverse the widespread deterioration of the country's political, economic, and social life is being perceived.

Due to the aforementioned reasons, the 12th Plenary Meeting of the 2d National Council hails the successful development of the first phase of the negotiations on Indian rights and culture of the San Andres, Chiapas, talks and commends the resumption of the efforts of the political parties and the government to reach agreements that will lead to a concerted and peaceful transition to democracy in Mexico and will find a solution to the country's serious problems.

The 2d National Council believes that the national talks agendas the parties, civic and social organizations, and Congress drafted in previous talks at the request of the Cocopa [Harmony and Peace Commission] constitute sufficient foundations to lead to the approval of the definite agenda that will organize the works of these new efforts and that will meet the expectations of the various sectors of Mexican society. Therefore, this agenda must include the following major issues: a. political reform; b. electoral reform; c. economic reform; d. social reform; e. reform of the justice and public security system; f. Indian people's autonomy; and g. a solution to pending conflicts.

The 2d National Council orders our party's negotiating commission to propose the following constituent elements of the works' format:

1. The installation of a main table for national talks, to which the leaderships of the political parties, their parliamentarian representatives, and the government will report. The chief of the federal executive branch, along with the political parties, will sign the agreements reached.

2. The simultaneous installation of seven other tables — one for each of the aforementioned issues — which the necessary social interlocutors will also attend, according to the issues to be discussed.

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3. The tables handling the issues will approve the agreements reached through consensus, which will be endorsed by the main table until reaching a final agreement.

4. The agreements will include mechanisms that will allow the verification of their effective implementation.

5. The format will contain mechanisms that will guarantee the honesty of the works and the public recognition of the parties' proposals.

6. Congress will also consitute an entity that will debate the issues contained in the national talks agenda and will legislatively process the agreements reached by the main table. This entity will also process the initiatives regarding the issues of the agenda under the rules of consensus.

II. Particular Aspects

In order to contribute to the development and enrichment of the state democratic reforms proposals, as well as to create a national movement on this reform, the 12th Plenary Meeting of the National Council of the PRD [Party of the Democratic Revolution] resolves the following:

1. To promote the installation of tables for talks in each one of the federal states. The parties and the local governments could be included in these tables.

Likewise, talks with the entire society must be promoted and organized by summoning countryside and city workers, professionals, businessmen, housewives, nongovernmental organizations, and others to the discussion tables.

These tables for talks will discuss national issues as far as democratic reform proposals are concerned. These proposals, as well as those issues also requiring profound reforms or signifying solutions to pending problems or conflicts will be forwarded to the main table.

2. Likewise, taking into consideration that the talks for state democratic reform must lead to the reform of several constitutional articles, that the proposals will be probably examined by tables formed by several sectors, and that it is necessary to start from the most complete and coherent vision possible on the constitutional reform that the FRD will defend in the dialogue tables, the 12th PRD National Council resolves the following:

To form a commission that will immediately proceed to draft the overall constitutional reform project that will serve as a foundation for the PRD representatives throughout the talks and that will serve as a foundation in the debate with the other political forces.

The commission will be presided by the PRD national president, and its integration is assigned to the National Executive Committee [CEN].

3. It also resolves to start making urgent efforts to form specialized teams on the issues to be discussed at the tables leading to the state democratic reform in order to present our proposals in a timely fashion.

4. Assign the CEN to make public a complete report on the state of the debates and the negotiations on the issues, including those debates and negotiations the party has held. This document must constitute the foundation for a broad discussion at the party's many entities ranging from the grassroots bodies to the National Council.

5. Entrust the National Council directorate to summon an extended plenary meeting as soon as possible, in which the federal and local parliamentarian groups (deputies, senators, representatives of the Federal District Assembly) will participate and in which they will be able to discuss the entire spectrum of our proposals and the minimum requirements that will be accepted in the negotiations, as well as the mechanisms the party will use to accept the commitments.

Mexico City, 28 October 1995

12th Plenary Meeting of the National Council

The Directorate of the 2d PRD National Council:

Pablo Gomez, president;

Cristina Laurell, vice president;

Angelica De la Pena, secretary; and

Eloi Vasquez, secretary.

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El Salvador

Report Outlines DAN Efforts To Curb Drug Trafficking

PA0211195695 San Salvador LA PRENSA GRAFICA in Spanish 27 Oct 95 p 8A

[Report by David Marroquin]

[FBIS Translated Text] So far in 1995, the Police Narcotics Division [Division Antinarcotrafico de la Policia], DAN, from which most of its members resigned in April 1995 for political reasons, has been able to seize over 14 million colones worth of cocaine.

DAN sources maintained that the new drug cartels, which have taken over the leadership following the disbanding of the two largest Colombian cartels, are trying to improve the drug shipment methods by resorting to the huge resources they have in an effort to flout drug authorities in many countries.

However, Salvadoran authorities claim that they are making huge efforts, despite the lack of resources, to attempt to attenuate drug trafficking.

The same sources stressed that, despite the problem the DAN experienced in April that ended with the withdrawal of most of its members, the DAN is gaining "ground" as it has landed heavy blows on drug trafficking in the last few months.

As an example, they cited three large shipments seized, the total value of which amounted to 14 million colones. The most important aspect of the seizure is that drugs were prevented from continuing to cause physical and moral harm to thousands of youths, the sources explained, adding that drug traffickers are always trying to "make up" strategies allowing them to dodge police surveillance at airports, ports, or customs offices in each country.

"We are facing a challenge: They try to create new methods, and we are making efforts to uncover them. This is why we are always training," a drug agent said, adding that policemen also have to develop their instincts and use their experience to succeed in their fight against drug trafficking.

Transportation Methods

Among the methods to conceal drugs, especially cocaine, the so-called "stuffing" [embutido] stands out. It consists of trying to hide drugs in secret compartments in order to put police authorities off the track.

This mechanism is used in suitcases, vests especially made for this purpose, art objects — such as in the last seizure — and other types of objects that allow one to "conceal" the shipment of some contraband, be it cocaine or marijuana.

The digestion method also stands out. It consists of having the person in charge of transporting the drug swallow synthetic capsules of approximately 10 grams of cocaine each. This method is riskier, because the "drug runner" has to eliminate the capsules in six to seven hours, which is the time the gastric juice takes to penetrate the capsules, making them explode. This is why the person may die of an overdose. Drugs traffickers are using these latter two methods more frequently, even though they have a simpler method: "Hiding" the drug in special compartments made in tires, seats, or any other vehicle part. However, authorities pointed out that drug traffickers have all but ruled out this method because of the heavy blows they were sustaining.

Drug sources affirmed that those people who dare to ship drugs usually have a contact in Panama, from which they come, in order not to arouse suspicions among policemen.

Seizures (until September 1995)

— 27.6506 kg of cocaine, worth 8.295 million colones

— 90.6763 kg of marijuana, worth 96,763 colones

— 804 plants of marijuana

Arrests (until September 1995)

— 46 people arrested for drug consumption

— 229 people arrested for drug trafficking, trading, and storage

— 40 people arrested for being in possession of drugs

— 10 people arrested for planting and growing marijuana

— total: 325 arrests.

Guatemala

Poll: Arzu Could Win in First Round

96CA0030A Guatemala City CRONICA in Spanish 13 Oct 95 pp 28, 29

[Article by Silvio Rene Gramajo]

[FBIS Translated Text] The presidential candidate of the National Vanguard Party (PAN), Alvaro Arzu, is still number one in Guatemalan voters' preferences. That is one of the conclusions drawn from the recent opinion survey conducted for CRONICA/SIGLO VEINTIUNO by the firm Mora y Araujo, Noguera y Asociados. The

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survey was concluded on 29 September. If the trends noted there are confirmed, Arzu may obtain an absolute majority on 12 November, the date of the first round of voting. If he does so, he will be crowned president of the Republic without having to go through a runoff election.

The study also reveals that Alfonso Portillo, candidate for the Guatemalan Republican Front (FRG), is in second place but falling. In addition, trends suggest that Fernando Andrade, of the National Alliance (made up of the Christian Democrats, the Union of the National Center, and the Social Democratic Party), could leapfrog past the FRG candidate. There is a large and growing number of voters who have not yet decided how they will vote in the deputy elections, according to the survey of voting intentions. But among those who have decided, the PAN has more than half the support, and therefore could win a majority in Congress.

The Favorites

As for the presidential candidates, part of the survey was a simulated election with anonymous ballots. The results of this portion put Arzu in first place, with 50 percent. In second place, well behind the PAN candidate, was Portillo, with 12 percent. Andrade took third, with 10 percent. Behind them were Acisclo Valladares of the Progressive Liberal Party (PLP), with five percent, and Jorge Gonzalez del Valle of the New Guatemala Democratic Front (FDNG), with one percent. The other candidates together accounted for three percent. After the favorite, the largest percentage was obtained by the "none" category, including those who abstained from voting in this simulated election; that category accounted for 19 percent.

This new study shows that, in three weeks, Arzu climbed three percentage points in the voters' preferences, while Andrade fell a point and Portillo dropped from 16 to 12 percent. If the voters' intentions are confirmed on 12 November, there will be no one to stop Alvaro Arzu from occupying the coveted presidential office.

This fourth analysis was carried out from week to week in August and September. The data were collected from several measurements, for which 2,400 cases throughout the nation were studied each time. According to the experts, the methodology used in the study heightened the respondents' confidence, because they were able to express their opinions in secret. Therefore, these results are deemed the most reliable of all.

Percentage of Simulated Votes — September

Week of	15th	22d	29th
Arzu	47	48	50
Portillo	16	13	12
Andrade	11	11	10
Valladares	4	5	5
Gonzalez	1	1	1
Others	2	3	3
None/No Vote	19	20	19

Of Images and Campaigns

As for the positive image projected by the presidential candidates, Arzu remains in the lead, with 78 percent. He is followed by Andrade, with 45 percent, and Acisclo Valladares, whose 30 percent puts him in third place. The FRG candidate follows with 19 percent, and immediately after him comes the former defense minister, General Hector Alejandro Gramajo, with 17 percent. Gramajo is supported by the Democratic Institutional Party (PID) and the National Unity Front (FUN). Hot on the general's heels is Gonzalez del Valle, with 13 percent. And finally, the presidential candidate of the Authentic Integral Development (DIA) party, Rolando Torres Casanova, has 11 percent.

On this occasion, the impact of campaign advertising on the people was also measured. To the tune of "We Never Had the Chance," the PAN holds first place with 82 percent. Andrade, whose campaign spots call for a government of national unity, comes in second, with 62 percent. He is followed by Portillo, who is

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supported by only 46 percent, even though he is in General Efrain Rios Montt's shadow. Considering the latter two figures, it is possible that the candidate of the National Alliance may overtake the FRG candidate and climb to second place in voter preferences. Although the analysis indicates that the candidate backed by Rios Montt is falling in the polls, it is important to note that this study took place prior to the so-called Civic Night. Political analysts believe that this presidential forum, organized by the Guatemalan Managers Association on 5 October, enhanced Portillo's image among voters.

Nevertheless, continuing to look at the impact of campaign ads, the survey places Valladares in fourth place, with 32 percent, and Gramajo in fifth place, with 13 percent. Next come Jose Luis Chea of the Democratic Union (UD), with six percent; Torres Casanova, with five percent; and Jose Fernandez, of the Progressive Party (PP), with four percent. Bringing up the rear are Gonzalez del Valle and Lionel Sisniega, of the National Authentic Center (CAN), with two percent. It should be noted that the fact that Valladares leads Portillo in the image contest, and that the FRG candidate has surpassed him in terms of campaign ads, means that these two candidates are vying for third place. And their closest rival is the National Alliance candidate.

Leaders' Images; Percentage of Positive Image

Arzu	78
Andrade	45
Valladares	30
Portillo	19
Gramajo	17
Gonzalez	13
Torres	11

As of 29 September

The Quest for a Seat

As for voting intentions for deputies in Congress, the PAN is also in the lead. The average for the last week studied is 36 percent. It is followed by the Alliance, with 10 percent, while the FRG is in third place with nine percent. The latter party has declined; two weeks earlier it had been at 11 percent. Valladares's party is supported by two percent of those surveyed, and the other political organizations together account for seven percent. Meanwhile, undecided voters amount to 36 percent. There is a large and growing number of voters who have not yet decided how they are going to cast their ballots in the deputy elections; in fact, this number is equal to that of voters planning to support the party holding the lead. If only the voting preferences of those who have decided to cast their ballot for a certain party are counted, the PAN gets more than half the votes. Therefore, barring any sharp turnaround to balance these figures, that party may take the legislature by storm in the next session.

Political analysts believe that the PAN's upsurge and the FRG's decline in voter preferences for the Congress of the Republic could be due to disappointment with the attitudes displayed recently by the FRG leadership. Because of their actions, which presumably have aroused the ire of the electorate, the general as well as Deputies Juan Francisco Reyes, Harris Whitbeck, and Jose Garcia-Bravatti have been impeached and ordered to stand trial. And that is not to mention the resignation of Arturo Soto, who was touted as a possible presidential candidate to replace Rios Montt.

Seeking Local Power

In terms of voter preferences for mayoral races in the interior of the country, the PAN is, once again, at the head of the class, with 43 percent. Next comes the National Alliance, whose 11 percent puts it ahead of the FRG. As of 29 September, the FRG had just seven percent of voter preferences, compared to nine percent a few weeks earlier. The PLP has a scant one percent, while the rest of the parties as a whole amount to 10 percent. The "undecided" category is again on the rise, having gone from 26 percent on 15 September to 28 percent by the end of this survey.

Although these predictions suggest that Arzu will be president at the turn of the century, he still has a long row to hoe, and many developments may change the forecast over the next 30 days. But if the situation remains unchanged, Guatemalans will have to get used to the presence of the PAN in the highest elected offices in the land.

[Box, p 29]

Technical Card

The survey was conducted by the firm Mora y Araujo, Noguera y Asociados. The data come from a total of 3,600 interviews conducted over the last six weeks (August and September), using household and probability techniques. Each time, a cross-section of 2,400 cases was analyzed.

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The research makes it possible to view the principal electoral trends in the nation, with a statistical margin of error of plus or minus two percent.

Honduras

Foreign Minister Agrees With World Bank Development Plan

PA0211204295 Tegucigalpa LA TRIBUNA in Spanish 31 Oct 95 p 12

[FBIS Translated Text] Foreign Affairs Minister Delmer Urbizo Panting agrees with a development plan a World Bank economist designed to promote competitiveness in the country and improve production.

During his trip to the United States, the foreign minister met with World Bank economist Mitchell Porta at Harvard University to talk about a study to innovate production and competitiveness techniques.

The economist met with personalities of the Central American government and private sectors, with which he committed himself to analyze the isthmian situation and to draft a development plan.

This plan is already under way, and economist Porta is charging nothing for it, because he is only trying to help an area that is embarking on democracy and that already ended the wars, the government official explained.

The proposal President Carlos Roberto Reina made at the United Nations was to know of the sustainable development guidelines that will allow a free incorporation to the world according to the competitive advantages the Central American region has, Minister Urbizo pointed out.

The head of the Honduran diplomacy has participated in major development plans, including the one his Spanish counterpart signed with the UN Development Program, allocating $11 million to Central America.

Urbizo recognized that the United Nations is experiencing a difficult time in the financial arena, even though it always acts as a mediator to obtain resources from other countries.

New Financial Institution Law To Regulate Loans, Investment

PA0311021095 San Pedro Sula TIEMPO in Spanish 27 Oct 95 p 3

[Report by Carlos Manuel Flores]

[FBIS Translated Excerpt] [Passage omitted] The objective of the new Financial Institutions Law is to regulate the organization, operation, merger, transformation, and closure of all legally established financial institutions that carry out loans and investments operations with resources obtained from the public in the form of deposits, bonds, investment papers, loans or other obligations.

The minimum capital with which these financial system institutions will be allowed to operate will in no case be less than 30 million lempiras for banks, 10 million for savings and loans associations, and 5 million for finance companies.

With respect to savings and loan associations, these institutions are classified as private organizations their main activity being related to promoting housing and other related activities. These institutions are allowed to grant loans to depositors for purposes not related to housing. Altogether, in no way will these loans surpass 35 percent of the institution's total loan portfolio.

Prohibition to Banks

The Financial Institutions Law establishes the following restrictions to banks:

- To grant loans with the objective of allowing the loan recipient to pay, fully or in part, for shares from the same lending institution.

- To extend loans guaranteed by shares from the same lending bank.

- To approve loans or other type of obligations, undertake other debt operations including the purchase of bonds or holdings by a same individual or corporation for an amount greater than 20 percent of the bank's capital and reserves.

- The following individuals will be barred from becoming members of the administration council, or board of director's of the financial institutions: —Directors, commissioners, foreign auditors, advisers, officials, and employees from other institutions specializing in the same activity. —Those individual holding public office, and elected officials, with the exception of council members and directors of state banks created as result of a special decree. —Individuals and corporations who, on the date when the law enters into effect are undertaking duties as financial brokers without an executive branch authorization, will be allowed a two-year period to adjust to dispositions stipulated in the law.

Armed Forces To Respect Election of New Military Chief

PA0311002995 Mexico City NOTIMEX in Spanish 0123 GMT 31 Oct 95

[FBIS Translated Text] Tegucigalpa, 30 Oct (NOTIMEX)—The Honduran Armed Forces said today they respect civilian authority and that they will

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abide by the decision that the National Congress makes on Tuesday on the election of a new military chief.

"We have reaffirmed our unconditional backing to the democratic process Honduras is going through since the Armed Forces are part of the country's democratization," General Luis Alfonso Discua Elvir, who will step down in January 1996, said.

Discua Elvir made those statements here following a meeting he held, accompanied by the three candidates to replace him, with President Carlos Roberto Reina and Congress President Carlos Flores at the main building of the legislative branch.

With the meeting "the specter of a conflict between powers (over the election of a new chief) was dispelled," said Reina, affirming that each of the three candidates expressed his loyalty and subordination to civilian authority.

The Senior Council of the Armed Forces (Cosuffaa) submitted a week ago a slate of three candidates to replace Discua Elvir headed by Army Commander Colonel Mario Hung Pacheco. It also nominated Naval Force Commander Bruno Fontana and Honduran Air Force Commander Oscar Servellon.

Analysts consider that the majority of the 128 deputies will vote in favor of Hung Pacheco, an officer close to Discua Elvir who has been accused of human rights violations in the past decade.

Reina acknowledged that Hung Pacheco was disrespectful to him during a Cosuffaa meeting on 2 August 1994, but the aforementioned officer said after meeting with the president that this matter was "a thing of the past."

Legislators are expected to appoint on Tuesday Discua Elvir's replacement for a three-year period. This officer is supposed to be the last chief of the Armed Forces, since the post will be eliminated in the a few years and its functions will be transferred over to the Defense Ministry.

Previous elections of military chiefs have held in what is referred to in Honduras as "barrack coups," marked by ploys by the military to remove their rivals to the top military post.

Nicaragua

Minister Denies Increase in 1996 Budget for Army, Police

PA0311122095 Managua EL NUEVO DIARIO in Spanish 27 Oct 95 p 2

[Report by Erwing Sanchez Rizo]

[FBIS Translated Text] In reply to the Army's and Police's demands for more resources to fully cover the security plan for the coffee harvest, Finance Minister Emilio Pereira said there will absolutely be no increases to the 1996 budget.

According to the overall budget bill the executive branch presented to the National Assembly, the nation's estimated revenues for 1996 are 3,304,737,306 cordobas while estimated expenditures are 4,685,183,396 cordobas.

This budget has a nominal value greater than the 1995 budget because according to Finance Ministry's authorities, all sources of financing are included in the report even though there is no guarantee yet that the country will receive these resources.

The 1995 budget amounted to 2.677 billion cordobas. This means that the 1996 budget will be approximately 24 percent higher than last year's budget.

Requests For Additional Resources Rejected

Regarding the Army's and Police's requests for additional resources, he said the allocated figure should be maintained and in case these institutions want more money, resources should come from other sectors because there will be no budget increases.

Recently the Police and the Army had announced that their troops would no longer patrol because of a lack of resources to continue this work. According to David Robleto Lang, president of the National Union of Coffee Growers [Union Nacional de Cafetaleros], this would imply that coffee growers are handed over to criminals.

Next year's estimated budget for the Defense Ministry is 239.8 million cordobas while the estimated budget for the Government Ministry is 262.8 million cordobas. According to the highest authorities of both institutions, these amounts are insufficient to cover up for security work to be carried out during both the coffee harvest and the upcoming elections.

Robleto Lang said a significant part of the $150 million the country would receive from the export coffee harvest would be jeopardized if military troops do not patrol.

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Higher Number of Taxpayers Expected

Pereira appeared along with Deputy Finance Ministers Mirna Somarriba and Rene Vallecillo. Regarding the budget's increased figure, he said it will be achieved based upon an expansion in the tax base, although the Stability, Investments, and Employment Development bill proposes to reduce the amount of various taxes.

In addition, he promised that as authorities they will strictly punish tax evasion and contraband while he affirmed that the state will save about 300 million cordobas by reducing the executive branch's discretion regarding tax exemptions.

Budget projections still maintain a large fiscal deficit of 1.3804 billion cordobas, a deficit that will be covered with foreign donations and loans according to budget analysts.

Fiscal Deficit Maintained

To cover up this deficit and pay about 608 million cordobas of foreign debt, the government attempts to obtain a total of 2.78 million [currency not specified] from foreign sources of financing.

Meanwhile, the Finance Ministry attempts to achieve domestic savings for 374.7 million cordobas this year. However, a deficit of more than 1.3 billion [currency not specified] is maintained.

When questioned about allocations for universities, Deputy Finance Minister Mirna Somarriba said universities have an allocation equal to 6 percent of the country's revenue budget, even though this figure is reduced in calculating the nation's expenditures.

The official pointed out that a loan for nearly $80 million is under negotiation with the World Bank to help the country cover up its fiscal deficit and balance of payments.

Finance Ministry: GDP To Increase By 5 Percent

In the meantime, they pointed out that public investment will be about 9 percent, inflation rate will also be 9 percent in 1996, and the GDP will increase by 5 percent.

Meanwhile, Rene Vallecillo underscored the efforts that will be made to collect 3.304 billion cordobas by lowering tax rates and increasing the number of taxpayers from different tax schedules so as introduce individuals and corporations into the formal sector of the economy.

Panama

Official, Attorney on Extradition of Businessman Laila

PA0311043095 Panama City Circuito RPC Television in Spanish 2300 GMT 30 Oct 95

[Report by Orlando Mendieta; from the "RPC Television News" newscast]

[FBIS Translated Text] The United States has requested Panamanian authorities to extradite a Colon Free Zone businessmen implicated in money laundering operations for over $500 million. While this takes place, the defense attorney of the businessman asked the Supreme Court of Justice to declare the arrest warrant and extradition order of his client illegal.

The Panamanian Foreign Ministry reported that the United States presented the initial documentation to request the extradition of businessman Albert Laila, who has been under arrest since Friday at PTJ [Judicial Technical Police] headquarters. Preliminary reports indicate that Laila is implicated in a complex network of money launderers, who, through the exchange and cashing of checks, were able to launder more than $500 million from drug trafficking activities.

In this operation, which began in 1987, jewelry shops in Panama and New York were used, and the checks were sent inside boxes with a false bottom. Ivette Franco, Foreign Ministry legal adviser, explained the procedures in this case, particularly since Laila is a naturalized Panamanian citizen.

[Begin Franco recording] What should be done in this case, in keeping with the Drug Law with all modifications, is that in case the person involved is a Panamanian national, the state requesting his extradition should provide all the documentation so that he can be tried here in Panama. [end recording]

Albert Laila is facing six charges for structuring monetary transactions to launder money and one charge for conspiracy to launder money. Meanwhile, the defense attorney appeared at the Foreign Ministry to learn about the extradition request, while reporting he filed a writ of habeas corpus in favor of his client.

[Begin defense attorney Cesar Guardia recording] We have filed a writ of habeas corpus before the Supreme Court of Justice on the grounds that his arrest is illegal. This is so because, given that he is a Panamanian national, Article 24 of the Constitution clearly states that Panama will not extradite its nationals. Consequently, the United States will have to accept Panama's turning down the extradition of Mr. Laila because he is a Panamanian national. [end recording]

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The attorney said his client rejected all the charges made by Judge John Martin from a New York Court. Also being investigated is businessman Israel Murdock—also implicated in this money laundering network and who was extradited five days ago by the Panamanian Government.

Albert Laila, who is under arrest here at the PTJ office, owns 22 companies in the Colon Free Zone and, according to investigations by U.S. courts, some of these companies were used to cash checks from drug trafficking-related activities.

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Argentina

'Malaise' Denied in Armed Forces Over Budget Cut

PY0311023395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2109 GMT 2 Nov 95

[FBIS Translated Excerpt] Buenos Aires, 2 Nov (NA) — Defense Minister Oscar Camilion; Lieutenant General Mario Candido Diaz, the chairman of the Joint Chiefs of Staff; and Lieutenant General Martin Balza, the Army chief of staff, denied today that there is malaise in the Armed Forces over possible new cuts in the defense budget.

Camilion stated that Armed Forces operational conditions will not be impaired by any possible defense budget cut. [passage omitted]

The defense minister added: "If a drastic cut were to be effected we would have problems, but there would not be any malaise because the president has once again confirmed that the Armed Forces will continue to be able to function."

Lt. Gen. Balza said: "The Armed Forces, especially the Army, have given sufficient indication that they will comply with everything related to government spending cuts by streamlining and restructuring themselves with great creativity and tremendous initiative." [passage omitted]

Lt. Gen. Diaz said the situation in the Armed Forces "is excellent" adding that "the Economy Ministry will most likely order some cutbacks in this year's budget."

Lt. Gen. Diaz acknowledged that "every cut implies changes in planned activities, but these modifications will not entail the loss of the current operational capability the Armed Forces."

The chairman of the Joint Chiefs of Staff pointed out that if next year the defense budget is maintained at the same level as in 1995, the Armed Forces will maintain "the operational status" contemplated in "military instructions in order to meet the defense needs of our territory." [passage omitted]

Media Secretary Seita Resigns; Replaced by Delgado

PY0211232795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1115 GMT 2 Nov 95

[FBIS Translated Excerpt] Buenos Aires, 2 Nov (NA) — Media Secretary Guillermo Seita has resigned and Raul Delgado, who was serving as Yacyreta public relations officer, will replace him.

A communique released by the chief of cabinet's office states that the president yesterday met Seita, who delivered a report on the repercussions of his visit to the United States, and his resignation.

The communique adds that Chief of Cabinet Eduardo Bauza told the media secretary that his resignation had been accepted by the president. [passage omitted]

National Border Police Deputy Director Garro Installed

PY0211232695 Buenos Aires TELAM in Spanish 1832 GMT 1 Nov 95

[FBIS Translated Excerpt] Buenos Aires, 1 Nov (TELAM) — Commander General Paulo Garro was installed today as the new National Border Police deputy director.

Garro was installed during a ceremony this morning at the General Martin Miguel de Guemes Officers School in Ciudad Evita, Buenos Aires Province.

The ceremony was presided over by Commander General Timar Musumeci, the National Border Police director; and Jorge Baeza, the Defense Ministry military affairs secretary.

Garro replaces Commander General Esteban Geneyro, who is retiring. [passage omitted]

Names of New Navy Leadership Released

PY0311003295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1627 GMT 1 Nov 95

[FBIS Translated Text] Buenos Aires 1 Nov (NA) — The Navy, which is headed by Admiral Enrique Molina Pico, today released the names of those that will occupy the force's leadership posts as of January 1996.

Regarding the promotions and retirements of higher echelon personnel that will take place at the end of the year, the Navy said that the leadership will include the following officers:

Deputy Chief of Staff: Vice Admiral Jorge Erico.

Naval General Secretary: Vice Admiral Alfredo Augusto Yung.

Director of the General Staff: Vice Admiral Horacio Reyser.

Naval Operations Commander: Vice Admiral Daniel Antonio Fusari.

Director General of Naval Materiel: Rear Admiral Carlos Rojas Ortiz (the executive branch has asked for his promotion to vice admiral).

Director General of Naval Personnel: Rear Admiral Alvar Carlos Rodriguez.

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Commander of the Sea Fleet: Rear Admiral Carlos Alberto Berisso.

Director for Welfare of the Navy: Rear Admiral Horacio Roberto Saux.

Director for Naval Health: Rear Admiral Silvio Alfredo Gigli.

Naval General Under Secretary: Rear Admiral Joaquin Edgardo Stella.

Commander of the Southern Naval Area: Rear Admiral Horacio Arturo Fisher.

General Naval Secretariat: Rear Admiral Emilio Luis Courthiade.

Commander of Naval Aviation: Rear Admiral Basilio Benito Petine.

Naval Comptroller General: Rear Admiral Nestor Edgardo Alonso.

Commander of the Atlantic Naval Area: Rear Admiral Marcelo Eduardo Loza.

Commander of the Marine Infantry: Rear Admiral Miguel Angel Troitino.

Naval Attache in the United States and Canada: Rear Admiral Norberto Ulises Pereiro.

Armaments Director of Naval Personnel: Rear Admiral Leonidas Jesus Llanos.

Director of Keels, Electricity and Naval Machinery: Captain Jose Maria Maurizio (the executive branch has asked for his promotion to rear admiral).

The following officers will hold posts in other national organizations:

Joint Staff: Vice Admiral Jose del Carmen Heredia (deputy chief) and Rear Admiral Cesar Enrique Marti Garro.

Chief of the Military Household: Rear Admiral Carlos Alberto Marron (the executive branch has asked his promotion to vice admiral).

General Auditor of the Armed Forces: Rear Admiral Jose Agustin Reilly.

Senior Coast Guard Promotions, Retirements Announced

PY0311015695 Buenos Aires TELAM in Spanish 1716 GMT 2 Nov 95

[FBIS Translated Text] Buenos Aires, 2 Nov (TELAM) — It has been officially reported that Defense Minister Oscar Camilion today approved the proposals for promotions and retirements in the top leadership of the Coast Guard Service.

Five majors [prefectos mayores] will be promoted to the highest rank of general [prefectos generales], and four generals will be retired.

Majors Roberto Santos, Francisco Burlando, Horacio Raffo, Hugo Caffaro, and Horacio Marganti will be promoted to the rank of general as of 31 December.

Generals Andres Lorenzo, Fortunato Benasulin, Raul Di Marco, and Juan Carlos Redon will be retired.

Judge Indicts, Releases Those Involved in AMIA Case

PY0311005095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1903 GMT 2 Nov 95

[FBIS Translated Excerpt] Buenos Aires, 2 Nov (NA) — Federal Judge Juan Jose Galeano today indicted on charges of unlawful association all those who have been held in connection with the AMIA [Argentine-Israeli Mutual Association] case. The judge declined, however, to remand most of those indicted to custody. Carlos Alberto Telleldin, who has also been indicted on charges of unlawful association, is the only defendant who will remain in custody.

The decision affects Alejandro Victor Monjo, Gabriel Melli, Edgardo Yema, Marcelo Delacour, Miguel Gustavo Jaimes, Hugo Antonio Perez, and Cesar Antonio Fernandez, who have been indicted for unlawful association.

Because the judge has not remanded them to custody, they have been set free, but the case against them continues.

By virtue of the precautionary measures ordered today by the judge, these individuals remain directly linked to the AMIA case but the decision does not contain any evidence to directly link them to the criminal attack.

The judge has also ordered an attachment of the assets of each of those indicted. The attachment on the property of Telleldin and Monjo is set at 2 million pesos each, and 500,000 pesos for the others.

The judge also indicted Pablo Ibanez for possession of drugs, attached his assets for 50,000 pesos, and ordered his release.

He also ordered that the indicted persons must appear at the courthouse on the first work day of each month.

The judge believes he is competent to continue the case because he believes that the accused belong to an illegal organization. [passage omitted]

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Bolivia

Lawmakers Charge DEA With 'Manipulating Information'

PY0211180595 Cochabamba LOS TIEMPOS in Spanish 19 Oct 95 pp 1, A3

[FBIS Translated Text] La Paz, 18 Oct (LOS TIEMPOS) — On 17 October, in Congress, lawmakers gathered their couraged and charged that the Drug Enforcement Agency (DEA) is manipulating information to discredit Bolivian politicians by making them appear involved with drug trafficking, in order to justify a future military intervention in Bolivia.

The case involving the plane transporting drugs and the charges pressed by a repentant ex-drug trafficker in Miami have smeared several government and opposition politicians. The reports are serious. Those who were accused reflect insecurity. They merely say that the country's image is being impaired. The masses, however, have nothing to do with those scandals, which they see as a "circus show."

Deputy Ramiro Berrenechea said the ultimate objective of this campaign is to justify military intervention in the country, under the excuse of fighting drug trafficking.

"This is why they want to show that the devil is in Bolivia and the angels in the United States. They do it in order to begin by imposing economic sanctions on the country," he said.

Deputy Maximo Teran, of the pro-government bloc, said that the government as a whole and all social sectors must join efforts to face this aggression by the DEA, which is manipulating information in order to harm the nation. "They undoubtedly want to intervene in our country, even with a military action," he said. MBL [Free Bolivia Movement] member Juan del Granado reiterated that the DEA was deeply involved with the departure of the plane transporting drugs, from which more than four tons of cocaine were seized at the airport in Lima, Peru, on 15 September.

"This had to do with the lack of information that apparently affected the FELCN [Special Antinarcotics Force]. The DEA must make its deposition through the appropriate channels," he said, reiterating his opinion that "the DEA is manipulating information — with an evil purpose — in order to harm Bolivia. I don't know why it is doing it," Juan del Granado noted.

In other previous statements, del Granado charged the DEA with "taking evil action against Bolivia." Social Communications Minister Irving Alcaraz, however, rushed to say that this opinion does not reflect the government position.

Del Granado said that Alcaraz is nervous because someone called him over the phone. "My statements merely reaffirm the line of conduct that I adopted since the case of drug trafficking links," he said.

Del Granado explained that the country cannot be involved in this type of scandal, because not all Bolivians are involved in those crimes. "Some corrupt political leaders must be investigated," he said, adding that former President Victor Paz Estenssoro should also be investigated, taking into account the statements by "repentant drug trafficker" Miguel Angel Villavicencio.

Punish the Villains

ADN [Nationalist Democratic Action] Deputy Tito Hoz de Vila said that the charges of political leaders' involvement with drug trafficking must be rigorously investigated, whatever the party or the rank of the persons charged with having received money from those illegal activities.

He said that in the eyes of the international community, the honor and the image of the country are at stake, for which reason the investigations must be implemented with seriousness and responsibility, "in order to identify all the villains and to properly sanction them."

The emotional ADN lawmaker said that "whenever there is a case of this type, like the case of the plane carrying drugs or the Huanchaca case, people say it is necessary to investigate and to punish whoever turns out to be responsible, but nothing happens, and the public can no longer tolerate this. This time we hope the villains will be identified, whoever has to fall, because this is how things whould be done."

Peasant Leader: 'Civil War' Over Coca Eradication Possible

PY0211221295 La Paz PRESENCIA in Spanish 28 Oct 95 p 1

[FBIS Translated Text] Evo Morales has warned the government about the danger of "a civil war" if it insists on forcefully eradicating Chapare coca plantations. The authorities only replied that the eradication will be carried out but compensation will be paid.

Evo Morales Ayma, president of the Coordination Committee of five federations of coca growers, stressed that "if the government implements a forceful eradication as of 16 November it will mean that the problem will have been militarized, it will mean civil war. That is not the solution and everyone knows it is not the solution. If there is no genuine substitution of coca, a reduction of the plantations cannot be demanded."

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He thus referred to a decision by the National Council Against Drug Abuse and Illegal Drug Trafficking (CONALID) that states that as of 16 November, no coca producer can have more than two hectares.

Asked about the remarks made by Morales, Social Defense Under Secretary Victor Hugo Canelas limited himself to saying that "the eradication will be carried out but compensation will be paid" — in other words, there is no doubt that the eradication will be carried out, either through an agreement with the producers in a voluntary way or without that agreement, in a forceful way.

Military Commander Calls For 'National Reflection'

PY0211202095 Cochabamba LOS TIEMPOS in Spanish 27 Oct 95 p A6

[FBIS Translated Text] La Paz, 26 Oct (LOS TIEMPOS) — In the middle of reiterated mutual charges of involvement with drug traffickers — exchanged by political leaders — the Armed Forces on 26 October warned that the uncontrollable power of drug traffickers, enraged against the state, has affected the nation's economic apparatus, impairing the honor of its most respectful institutions and the moral integrity of the people.

In a "national reflection" message, Armed Forces Commander in Chief General Reynaldo Caceres Quiroga said that today more than ever, all Bolivians must join their efforts and their will to face the difficulties that are jeopardizing the very existence of the state, on the basis of "understanding and respect."

"All of us must reflect on the events we are experiencing, in order to eliminate the barriers of incomprehension and confrontation, seeking however to preserve the signals of understanding and cooperation, leading to social coexistence in peace and freedom," the military commander said during a ceremony marking the 45th anniversary of the Military Engineering School (EMI). The ceremony was held at the Armed Forces' Great General Barracks.

In his message, Caceres Quiroga said that "to build Bolivia's social harmony on the basis of mutual cooperation and respect, it will be essential to build the foundations of a new society upon the principles of truth and integrity."

He added that in order to achieve these objectives, which are so dear to Bolivian people, "today more than ever we must call upon national leaders and social and political organizations, so that they clearly recognize that the country's social and institutional life must be based upon ethics and on moral righteousness."

"This way we will be laying the cornerstone that will allow us to find the national comprehension and understanding, which the country urgently needs in order to restore its faith in the destiny of its institutions," the military commander noted.

Genuine Politics

The Armed Forces Commander added that "perhaps we forgot that genuine politics also involves science and art, and the search for the common good. Let us rescue its concept of virtue by basing it on good and on truth," he said.

"Otherwise," he went on, "we will run the risk of losing our faith in all national organizations."

"Let us reassess political action as a virtue of prudence, and we will realize that it is possible to restore credibility and faith in the institutions, and in those who lead and serve them," he added.

Fatherland, Freedom and Justice

Within this context, the commander said that the Armed Forces are committed to the democratic process "seeking the Bolivian people's full self-fulfillment. "This is an opportunity to recall the Armed Forces' constitutional mission in our country, linked not only with the security and tranquillity of the state, but also with supporting economic development and growth," Gen Caceres said.

Brazil

Ukraine's Kuchma Interviewed on Bilateral Ties

PY0311010195 Rio de Janeiro O GLOBO in Portuguese 1 Nov 95 p 25

["Exclusive" interview with Ukrainian President Leonid Kuchma by unidentified O GLOBO correspondent in Rio de Janeiro; date not given]

[FBIS Translated Text] [O GLOBO] What type of businesses can Ukraine and Brazil have?

[Kuchma] We are certain that Brazil will soon play a more important role in the world. Brazil has managed to stabilize its economy, and it is currently more important for us to have contacts with this type of country than with the developed ones. Ukraine has the most modern rockets for satellite-launching in the world. There are great expectations about possible accords with Brazil in this field, because it already has a launching base in the northeast region.

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[O GLOBO] Is Ukraine succeeding in complying with the nuclear disarmament accord signed between Russia and the United States in 1994?

[Kuchma] Yes, it is. We are dismantling the nuclear warheads of the strategic missiles in accordance with the established schedule and transporting them to Russia. Nuclear disarmament is a path of no return. Ukraine needs a lot of money, however, to be able to comply with all the nuclear disarmament stages. So far, international aid has been insufficient. According to experts, the overall disarmament of Ukraine will cost $2 billion. The United States has promised us only $350 million. Europe has not given us anything to be used specifically in strategic disarmament. Despite these difficulties, however, we will comply with the agreement. Tactical weapons were withdrawn from Ukraine before the agreement was signed and we have received nothing for them.

[O GLOBO] Will Ukraine succeed in closing the Chernobyl plant before the year 2000, as promised?

[Kuchma] No, it won't. This has been a political decision based on a decision by the G-7 (the group made up of the seven wealthiest countries in the world). Politically, we are ready to close the plant, but without G-7 help it will be impossible. It costs too much. The generators that are still functioning are much safer than the other ones installed in Russia, for example.

[O GLOBO] When you were elected, you promised to intensify relations with Russia. What are your relations with the Kremlin nowadays?

[Kuchma] Our trade cooperation with Russia is very intense, we have renegotiated our foreign debt with Moscow and have reached an agreement about the division of the Black Sea Fleet. Unfortunately, this process has slowed down, apparently as a result of the approaching Russian elections. We are only interested in intensifying our relations with Russia on the basis of mutual interests and a well-balanced partnership.

[O GLOBO] Are you worried about President Yeltsin's health condition?

[Kuchma] Boris Yeltsin is my friend and I was very sad to learn about his hospitalization. I believe he was the victim of an excess of work and too many trips abroad. I trust he will recover. His illness has occurred at a bad moment for Russia.

[O GLOBO] Are the Ukrainians satisfied with the economic reforms?

[Kuchma] In general, the people are not satisfied. Everyone wants tomorrow to be better than today. The Ukrainian economic situation, however, is very complex. We must change the mentality of the people, who got used to thinking that the government is responsible for them. There is social tension, particularly among the older people. I am working hard to create a middle class in Ukraine, because this is the basis for democracy. In the former regime, everyone was poor. I am not defending the market economy, however, because this sort of economy creates great social differences. Currently, I do not consider myself a capitalist. Capitalists have capital. My capital, however, is in my head and in my hands.

Senator To Visit Russia, Ukraine, Australia on Sivam

PY0311013295 Sao Paulo AGENCIA ESTADO in Portuguese 2258 GMT 2 Nov 95

[FBIS Translated Text] Brasilia, 2 Nov (AE) — Senator Gilberto Miranda (PMDB-Am) [Brazilian Democratic Movement Party-Amazonas], chairman of the Senate Economic Affairs Committee, will travel to Russia on 7 November to inspect the Russian radar surveillance system. Sen. Miranda will also visit Ukraine and Australia with the same objective.

Miranda, who is the rapporteur of a bill authorizing the signing of foreign loans for the Amazon Region Surveillance System (Sivam), said he hopes to gather material to dispel every doubt about the matter. He said: "I want to be thoroughly informed so I can answer any question." He noted that his trip will not cost the administration anything.

As of 7 November, senators will also have access to 350 kg of documents pertaining to the public tender for the Sivam installation. All that material has been sent by the administration to Sen. Miranda's office.

Country To Spend Millions To Manufacture Nuclear Fuel

PY0311004395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 29 Oct 95 p 3

[Article by Tania Malheiros]

[FBIS Translated Text] The administrative council of the state-owned Nuclear Industries of Brazil (INB), which replaces Nuclebras, has authorized the purchase of an assembly line for the manufacture of uranium powder and pellets [pastilhas], which are used to manufacture nuclear fuel (enriched uranium). The transaction has already been completed with the German Siemens company, and will cost 18 million Deutsche marks, which is equivalent to $12 million. The decision represents progress for Brazil in the field of nuclear technology. Currently, the uranium powder and pellets used

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at the Angra-1 plant are produced in Europe. In accordance with estimates of Furnas Electric Power Plants, Inc., which manages the nuclear plant, the INB wants to produce, through this project and for the first time in Brazil, fuel to reload the Angra-2 plant, which will go into operation in 1999.

Of the overall $12 million, $1.4 million will be earmarked for engineering and technical assistance work, $5 million to purchase equipment which will be directly supplied by Siemens, and the remaining $5.6 million for the purchase of equipment from third parties. These purchases will be made by the German enterprise.

The equipment for the assembly line that will produce the uranium powder and pellets will be installed in the Fuel Elements Factory (FEC) of the INB in Resende, Rio de Janeiro State. The deadline for conclusion of this project is two years.

Last September, INB President Roberto Nogueira da Franca reported that a second-hand assembly line would be purchased from a plant that was out of operation in Hanau, Germany, for nearly $20 million. The transaction failed, however, after several articles were published in Brazil and abroad showing that the equipment of the dismantled German factory was totally obsolete.

After that, the INB decided to begin contacting Siemens. According to the act of a meeting of the INB administrative council, in addition to the purchase of equipment, the contract contemplates using Siemens services to install the recycling process and production of the uranium pellets at the Resende plant. It has also been established that equipment and services ordered from an engineering company could very well be ordered directly from the German enterprise. The INB, which is subjected to the National Nuclear Energy Commission (CNEN) control, will not have to keep Brazilian technicians in Germany to follow and inspect the work.

In order to produce fuel to reload Angra-1 — the only Brazilian plant in operation — Brazil sends nearly 16 tonnes of yellow cake [preceding two words in English] to Europe, where the product is converted into hexafluoride (uranium in the form of gas). This stage of the recycling process will continue being done abroad until Brazil begins to use the uranium-enrichment technology through the ultracentrifuge system on an industrial scale. The ultracentrifuge process is conducted at the Navy Aramar Experimental Center at Ipero, Sao Paulo State.

This process represents 3 percent of the overall cost of the fuel. Brazil still pays for the hexafluoride enrichment, which is done in Europe, 35 percent of the overall cost of the fuel. The Brazilian public coffers also pay to convert hexafluoride into oxide (powder uranium), which is then transformed into pellets and placed in the rods inside the reactor's vessel.

Once uranium powder and pellets are produced at the FEC, they will be under the safeguard of the International Atomic Energy Agency, which is headquartered in Vienna, Austria. According to the INB president, the Nuclebras Isotope Enrichment, Inc. (Nuclei), in Resende, has the capacity to reuse 60 percent of their equipment and services to enrich uranium through ultracentrifuge, at an industrial scale, as the Navy does in Sao Paulo.

The FEC, which belongs to the INB, produces the radioactive material to maintain the reactor of the Angra-1 plant — which was purchased from the U.S. Westinghouse company in 1970. According to INB reports, the plant has the capacity to process up to 100 tonnes of uranium and produce 145 fuel elements.

Throughout these years, the FEC has been maintained in operation to work exclusively for Angra-1. The plant conducts the operations to reload the Angra-1 fuel, which is bought from Urenco (a consortium made up of British, Dutch, and German companies). The nucleus of this nuclear plant carries 11 million pellets which, in order to be placed inside the reactor must first be inserted into high-resistance rods. The Angra-1 reactor operates with 235 rods, each of them with 121 fuel elements.

Since the end of the 1970's and under total secrecy, the Navy started to build the Aramar Experimental Center. Its objective was to enrich uranium through the ultracentrifuge process. The Brazilian Government invested nearly $1 billion at Aramar. In 1988, through a national television hookup, President Jose Sarney announced that Brazil had just entered the restricted groups of countries known as the atom club and that it already mastered the uranium-enrichment technology. Enriched uranium is used as fuel for nuclear plants and submarines, as well as in atomic bombs.

One year before Sarney made this announcement, Aramar had already been enriching uranium at 20 percent. This percentage is sufficient to be used in a bomb similar to the one hurled on Hiroshima. The government, however, has always denied any intention of manufacturing nuclear devices. The enriched uranium produced at Aramar was meant for the nuclear submarine the Navy planned to construct. To obtain a sufficient amount of the product, Aramar had to have 6,000 ultracentrifuges. Currently, it has only 1,000 machines, which enrich uranium on a laboratory scale. The government plans to use the Nuclei facilities to enrich uranium on an industrial scale.

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Satellite Area 'in Crisis' Due to Lack of Funds

PY0111204795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Oct 95 p A26

[Article by Julio Ottoboni]

[FBIS Translated Text] Sao Jose dos Campos — The Chinese-Brazilian agreement for cooperation in the construction of remote sensoring satellites (CBERS), which is currently the main space activity in Brazil, is in crisis. The reason for this crisis is Congress' delay in approving the allocation to the program of $30 million in supplementary credit. The area has been awaiting this approval for three months. The heedlessness of the legislative branch has led to one more delay in the launching of the first satellite. The satellite was scheduled to go into orbit in October 1996, but this will only take place at the end of 1997.

The PRC Government has become indignant about this delay, and the fact may hinder future partnerships in the scientific area. Marcio Nogueira Barbosa, president of the National Institute of Space Research (INPE), poured out his heart: "If the congressmen knew the disaster they are creating, they would have already resolved the problem."

In addition to altering the entire schedule established between the INPE and the Chinese Space Academy, delay in obtaining the resources is creating difficulties for a broader exchange between the two countries. Brazilian credibility is being eroded as a result of the successive situations of insolvency being experienced by the program despite the efforts the current science and technology minister is making to obtain funds and correct past shortcomings.

The INPE is finishing studies to increase and expand the number and types of remote sensoring satellites that will be built by the PRC and Brazil. These will compete in the international market of satellite imagery. The CBERS satellite is now in the stage of integration of the engineering model. Repeated delays in the program's schedule, however, can encourage the recovery of competitors, such as the Landsat family. Barbosa added: "We plan to lead this market in the next century."

According to INPE directors, the situation is so serious that 12 Brazilian companies that participate in the development of the CBERS have not received any payment for 10 months. INPE has been waiting for this supplementary credit for six months. If the situation remains the same, dates have to be rescheduled and the satellite may be finally launched only in 1998. This will signify a delay of more than two years.

From 1988 to 1993, Brazil invested $8 million in the project. In October 1993, $20 million resulting from the privatization program was allocated to the project and helped in covering the CBERS deficit in 1994. In 1995, however, only $2 million was allocated to the project, and no privatization money has been earmarked for the CBERS. The overall cost of the CBERS program totals $150 million, 30 percent of which must be contributed by the Brazilian Government.

Railroad Company To Implement Personnel Reduction Program

PY3110233695 Sao Paulo AGENCIA ESTADO in Portuguese 2244 GMT 30 Oct 95

[By Edson Chaves Filho]

[FBIS Translated Excerpt] Rio de Janeiro, 30 Oct (AE) — The Federal Railroad System, Inc. [RFFSA] on 30 October set in motion the Resignation Encouragement Program (PID) which, up until the end of the first quarter, intends to reduce by 18,000 the current employee number of 40,500. The announcement was made on 30 October by RFFSA president Isaac Popoutchi, during a seminar on the privatization of the enterprise at the Rio de Janeiro Commercial Association. The matter will also be discussed by the National Privatization Committee on 31 October in Brasilia. The enterprise will make compensation payments worth 350 million reals [R]. [passage omitted]

This amount will be financed by the World Bank, which will disburse the funds in the first half of 1996. Popoutchi said each employee will be paid an average R20,000, a severance allowance, and the benefits provided for by rescission clauses. [passage omitted]

Enterprise's liabilities amount to approximately R2.5 billion, most of which are in overdue taxes owed to the government, in addition to a R335 million deficit estimated for 1995. The enterprise's budget amounted to only R900 million in 1994. Popoutchi reported that through sale or partnerships with the private sector, the enterprise wants to get rid of nonoperational assets worth approximately R4 billion. [passage omitted]

Rare Earth Minerals, Uranium Deposit Development Viewed

PY3110162595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Oct 95 p A19

[Article by Cristiane Segatto]

[FBIS Translated Text] Researchers of new materials all over the world are concentrating on the same

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area: rare earth minerals — valuable metals used for microelectronics, superconductors, fiber optics, and computers of the future — which will define which countries will be in the forefront of technology in the 21st century.

Brazil has the world's second largest reserve of those materials (China has the largest reserve). Some 29 million tonnes are spread throughout Brazil, especially on the beaches of Rio de Janeiro and Espirito Santo, which have monazite-rich sands. Yet this is not enough. The rare earth minerals become valuable only when the dozens of elements they comprise are separated and transformed. Developed countries keep the technology for this operation secret.

Nuclear Industries of Brazil (INB) — a state-run company — will start to produce rare earth oxides in two years, in the only unit of its type in Latin America. The factory will produce elements like neodymium, erbium, cerium, and europium. On the international market, europium costs $800 per kg. At the request of the INB, specialists of the Rio de Janeiro Northern University managed to separate the various rare earth minerals, and are now working to accomplish this on a large-scale basis.

Alexandre Rodrigues de Oliveira, INB Safety, Quality, and Environment adviser said: "There is very strong demand for those products. Those who produce them are light-years ahead." He concluded: "This is a strategic sector, not just for the INB but for the country as a whole."

Processing: The monazite-rich sands from Praia de Buena, on the northern coast of Rio de Janeiro, will undergo chemical treatment at the Industrial Mining Center of Planalto de Pocos de Caldas, in Minas Gerais, and will be ready to supply the car, electronic equipment, and precision equipment industries.

INB currently produces the 160 tons of uranium used by the Angra 1 nuclear plant. In two years this activity will be transferred to Caetite, in the interior of Bahia. The gigantic Pocos de Caldas mine, three time the size of the Maracana soccer stadium, is the only commercially exploited mine in Brazil.

The international Atomic Energy Agency has announced that Brazil has the world's fourth largest uranium reserve. The 300,000 tons of uranium oxide in Brazilian territory are equivalent to 11 percent of currently known world reserves.

Demand: "The demand for uranium will grow a lot when the Angra 2 nuclear plant is inaugurated, which is scheduled for 1998," says Sergio Antonio Majdalani, the INB Mineral Resources director. "We should not remain outside this sector at a time when developed countries are investing more in nuclear energy," he concluded.

Even since the Chernobyl accident, where there was a leak of radioactivity, 60 new nuclear plants have started operating all over the world. The United States is at the top of the ranking of installed plants, with 109 operating plants and another under construction. Those account for 30 percent of the electricity consumed by the United States. At least 75 percent of the electricity consumed in France comes from the 56 plants operating in that country. Brazil is one of the most backward countries in the use of that source of energy, being ahead only of Iran and Romania. Angra 1 produces only 0.01 percent of the electricity consumed by Brazilians.

The possibility of completion of the Angra 2 plant in 1998 has encouraged nuclear specialists. INB, which has the monopoly on prospecting for uranium ore and on uranium marketing in Brazil, has decided to discontinue its activities at the Pocos de Caldas mine and to explore the Lagoa Real deposits in Bahia.

Angra 2 will use at least 300 tons of uranium annually, while Angra 1 will continue to use 160 tons annually. In light of this prospect, INB will invest $23 million to produce uranium in the new mine as of 1997.

Even though it does not intend to export uranium, the enterprise wants to sell it at prices that are compatible with the international market. The INB believes it will sell at $35 per kg, which is approximately $5 below international market prices. "The price will drop even further for negotiations on specific quantities. No country can develop its nuclear program if it is subject to market uncertainties," Majdalani said.

The Pocos de Caldas mine has become economically unfeasible because it now needs pits approximately 40 m deep. "In Bahia, the mineral is on the surface, and since it does not rain much, the mineral does not deteriorate," says Mining Manager Helio Antonio Scalvi.

Moreover, two stages of the process of transforming uranium into fuel (which are currently done abroad) will be handled in Resende, Rio de Janeiro. With the transformation of uranium hexafluoride gas into powder, and the production of concentrated energy pellets [pastilhas] in Brazil, the index of local production of the entire process will rise to 50 percent, increasing by 12 percent the added value of the product in Brazil.

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Communications Minister Defines Concessions Package

PY0211201595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Oct 95 p 3

[Article by Sonia Carneiro]

[FBIS Translated Text] Brasilia — A package with new rules for the telecommunications area will be released before the end of November. It will celebrate Communications Minister Sergio Motta's return to work after undergoing heart surgery in September. The most important item of the package, which is still being drafted, is the decree establishing criteria for the concession of 150 radio stations and televisions channels, which the government had suspended.

The summary of the new decree was released by the Communications Ministry on 30 October. The unprecedented aspect of this decree is that it will no longer be possible to use these concessions in exchange for votes on controversial reforms being debated at the National Congress. The treatment given to those interested in these concessions will be "egalitarian and impersonal." Entrepreneurs who do not have radio stations or television channels will be given priority, and those who are members of more than one consortium or have subsidiaries participating in the same bidding will be disqualified. The large networks will thus be harmed by this rule.

Minister Motta has announced: "We will establish strict rules for the new concessions." Motta left Sao Paulo on 30 October to rest until the beginning of the following week at an undisclosed site. This will be his last week of rest.

In order to prevent political exploitation of the telecommunications area, the decree will make it mandatory to choose the future owners of radio stations and television channels through tender biddings to be organized by the Communications Ministry or the Presidency of the Republic.

In accordance with the new criteria, the Communications Ministry has established that the broadcasting company that does not have any local station will have advantages in the bidding. The ministry will limit the number of concessions that one same entity and its subsidiaries can have.

Another unprecedented thing is that each concession and its use, which is currently free, will have to be paid for. The bidders will have to pay in order to participate in the bidding and then they will have to pay to use the concessions. When the remaining rules are established, the values to be paid for the bidding and the concession will be reported. To avoid granting privileges to the wealthiest broadcasting companies, the Communications Ministry will demand compliance with certain technical criteria. There will be public consultation before establishing the exploitation conditions. This consultation will be preceded by a strict legal, technical, economic, and financial evaluation of the bidding companies, as well as a detailed analysis of their fiscal situation.

The Concession and Supervision Secretariat of the Communications Ministry is also preparing, for the month of November, a new registration list of the current 2,500 radio and television broadcasting companies and their owners. According to a poll conducted by VEJA magazine, currently, 130 politicians have radio stations and television channels concessions, and some of them have even two such concessions in the same region. The party that has more concessions is the Liberal Front Party, PFL. Of the 115 PFL congressmen, 44 have 114 radio stations and 17 television channels. Of the 27 PFL governors, 12 have concessions to exploit radio stations or television channels. Two of President Fernando Henrique Cardoso ministers own broadcasting companies: Jose Eduardo Vieira, who heads the Agriculture Ministry; and Pele, who heads the Sports Ministry. During the Sarney Administration, 12 ministers had broadcasting companies and during the Franco Administration, four ministers did.

New Measures

Established through draft bills:

— Rules for the end of government monopoly over the telecommunications area and for the participation in the area of private enterprises. Creation of an organization to supervise the process.

— Contents of tender biddings for cellular telephony concession.

— Guidelines for a new utility rate policy for the area and for the interconnection of networks.

Established through decrees:

— National policy for satellites.

— Program for investments in the area: 39.2 billion reals [R] until the end of this administration's mandate and R11 billion for the 1995/1996 period.

— Reformulation of the spectrum...of frequencies that will allow the ministry to increase the number of radio station from 2,000 to 10,000.

— Rules for the cable television law.

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Domestic Public Deficit Totals R1.756 Billion

PY0311024295 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Oct 95 Section 1 p 4

[Article by Gustavo Patu and Cari Rodrigues]

[FBIS Translated Text] The government accounts have deteriorated this last half of the year. After the small surplus registered until June, the federal government expenditures surpassed the revenue by 1.756 billion reals [R] until August.

This data refers to the so-called operational public deficit registered in August. Such a deficit occurs when the government spends more than it collects, including the payment of interest which surpasses the inflation rate.

The government has promised to keep the deficit at zero so as to serve as one of the pillars of the Real Plan.

As the main reason for the deficit in the federal government accounts is the explosive growth of the domestic debt in public certificates, the estimates for September indicate that the deficit will continue to exist.

According to the Central Bank, the domestic debt increased a lot in September, and jumped from R92.3 billion to R98.479 billion. The 6.7-percent increase surpasses, by far, any inflation rate.

In the second half of the year, the debt increased by nearly R29 billion — which is equivalent to the amount estimated for the collection, for five years, of the new tax on checks that the government is trying to have approved at Congress in order to cover health sphere expenses.

The economists who have drafted the Real Plan have concluded that the public deficit is the fundamental reason for Brazilian inflation. This is why the government is set to maintain the yearly deficit at the zero level until 1999.

If the federal government figures only were included in these accounts, there would be a possibility of reverting the deficit before the end of the year. Nevertheless, the goal of maintaining the deficit at the zero level includes the figures of the state and county governments, as well as of the state-owned companies.

According to Central Bank figures, the financial situation of the states and counties is more serious. Their accumulated deficit totalled R10.975 billion until August. The companies owned by the federal, state, and county governments have a deficit totalling R1.317 billion.

In other words, the entire public area has been spending more than it collects. All in all, the deficit registered in August totalled R14.048 billion.

The administration has already informed the IMF, which monitors the performance of the Brazilian public area, that there will be a deficit at the end of the year.

Figures would be worse still if the public area results were measured in current currency, without eliminating the effects of the monetary correction over the debts. This is what the countries that have a stable economy do.

According to this criterion, the overall deficit of the public area until August would total R26.779 billion. Out of that, R4.829 billion refer to the federal government deficit.

These figures explain the government's urgency in negotiating in Congress two mechanisms to prevent a worse disaster in public accounts in 1996: first, extension of the period for enforcement of the Social Emergency Fund (FSE); and, second, renegotiation of the debts of the state and county governments.

The FSE allows the government to freely spend 20 percent of its revenue resulting from federal taxes, without the obligations imposed by the Constitution on health and education, for example. Without the FSE, the federal government deficit would surpass R10 billion next year.

In the case of the state government debts, the idea is to reduce the effects interest has on the overall debts. These increased from R19 billion before the Real Plan to R35.84 billion last September, practically as a result of interest.

The state government debts are already affecting the federal government debt. The Central Bank has already issued R23.369 billion in certificates to exchange them for state government certificates, which are no longer accepted in the market.

Privatization Plan for Electric Sector Viewed

96SM0010A Sao Paulo VEJA in Portuguese 19 Jul 95 pp 86-87

[FBIS Translated Text] *The privatization program is entering a new phase with the sale of the Escelsa [Espirito Santo Power Plants, Inc.] electric company.*

Beginning five years ago, the Federal Government privatized its iron and steel industry. Next in line were a good many of the petrochemical companies. Last week for the first time, the government moved into an area that affects people's lives directly: the so-called electric

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industry. On Tuesday the Espirito Santo electricity distributing firm Escelsa went on the auction block at the Rio de Janeiro Stock Exchange and ended up being bought for $358 million by a consortium of banks and pension funds. Over half that amount was paid in cash; the rest in Union debt receipts. The consortium that bought Escelsa obtained the right to distribute energy in Espirito Santo for a period of 30 years. Not only that, but it will also be able to use the transmission lines to distribute cable TV service and the fiber-optics data transmission system. The sale of Escelsa at a ceremony attended by Minister of Planning Jose Serra and Rio de Janeiro Governor Marcello Alencar also marked President Fernando Henrique Cardoso's first appearance in the world of privatizations.

On Thursday, feeling that the PSDB [Brazilian Social Democracy Party] was taking too long to make its first appearance, Jorge Bornhausen, president of the PFL [Liberal Front Party], expressed his party's dissatisfaction. "Privatization deserves exclusive dedication," said Bornhausen, criticizing the snail's pace at which the process is moving. Everyone knows that privatization has been going slowly. It is a fact that the process could move more quickly. The fact that remains, however, is that every time the government postponed the sale of Escelsa, the price went up, and the Treasury was the winner. And every time it tried to sell off government-owned firms too quickly, there were charges of improper behavior. "The sale of Escelsa is a milestone in Brazilian privatization," says the minister of planning. "There is no contradiction between public service and investment by private enterprise."

The next electric company to go on the block will be Rio de Janeiro's Light [Power Services, Inc.], which is scheduled to be put up for auction before this year is over. Escelsa and Light belong to the same family of firms. They are distributing companies, it being their job to deliver to the customer the electricity generated by the hydroelectric or thermal power plants. The other family is that of the generating firms. It consists of the hydroelectric and thermal power plants, which produce energy. The latter will also be auctioned off. The government has already decided that it will sell 29 hydroelectric and 23 thermal power plants that are currently being managed by five large companies controlled by Eletrobras [Brazilian Electric Power Company, Inc.] (see below). The government does not yet know when that collection will be offered for sale, but the estimate is that the group as a whole will earn something like 18 billion reals for the Treasury. That would be twice as much as the privatization program has brought in so far.

Premium of 12 percent—Based on what happened when Escelsa was auctioned off, interest in the government's energy firms may reach high voltage. On Tuesday of last week, two heavyweight groups competed penny by penny for the Espirito Santo firm at the Rio de Janeiro Stock Exchange. The winner was the consortium consisting of the Bozano, Simonsen, National, Pactual, Icatu, Citibank, and Opportunity Banks and 11 pension funds. That group outbid a team headed by the Vicunha group and the Safra Bank by paying almost 12 percent more than the minimum price set by the government. The consortium consisting of Bozano, National and so on entered the bidding prepared to pay up to 660 million reals to get Escelsa. "We were expecting a bigger fight," banker Luiz Cesar Fernandes, owner of the Pactual Bank, says teasingly.

Since the process of selling off Brazilian government-owned firms began four years ago, the government has privatized 34 firms and received $8.9 billion (including the Escelsa sale). Only 20 percent of that income has been in the form of cash. Most of the payments—$7.1 billion—have been made in the form of so-called rotten money, meaning receipts for Union debt, which is worth very little in the financial market but which the government would someday have to pay off. Until last week's auction, the greatest merit of the privatization process was that it relieved the pressure being placed on the Treasury by government-owned firms. Thanks to those sales, the government was able to transfer $3.2 billion in debt to the private sector. In addition, it saved the money that it would have had to invest in those firms. The iron and steel industry alone would have required investments totaling $2.5 billion through 1997.

The practical effects of privatizing the electric industry are greater than those resulting from privatization of the iron and steel, petrochemical, and fertilizer industries. Beginning with the auctioning of Light, the government will require that payments be made in cash rather than in "rotten money." With that income, the government intends to reduce the national debt by about 60 billion reals. Privatization will make it possible to revitalize the electric industry. The Brazilian electric system, once considered a model by the World Bank, began deteriorating in the 1980's. The government-owned energy firms were used to further political interests at the wholesale and retail levels. Electricity rates were flattened as a means of containing inflation and subsidizing large private consortiums, and the firms became greatly overstaffed. That was how they got into the red. "At that time, public works projects entered a slump, and public money went down the drain," says Minister of Mines and Energy Raimundo Brito.

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Risk—Over the next 10 years, Brazilian energy production will have to double to keep up with the growth of the economy. To avoid the risk of shortages in the future, the government would have to invest $3 billion per year in the construction of plants and the installation of transmission lines and poles. The energy firms can barely scrape together $1.4 billion per year for investment. Thanks to privatization, the task of expanding the system passes to private enterprise, which has money to invest in the business and knows it is bound to make a profit by doing so. "Since Brazil is going to grow, the return on investment is practically guaranteed," says Luiz Fraga, director of Latinvest, an investment fund with over $800 million invested in Brazil. Sale of the government-owned energy firms also serves to whet the appetites of investors. They know that the best parts are yet to come. The telecommunications sector is to be opened up to private enterprise, and the Rio Doce Valley Company, queen of Brazilian government-owned firms with its estimated value of $11 billion, may see the start of its privatization process next year.

Energy for Sale

Besides Escelsa, the government wants to privatize five other firms in the Eletrobras group. They are as follows (source: survey *Best and Biggest/1994*; company balance sheets; and Pactual, Icatu, and Opportunity Banks):

Light: billing: $1.0 billion; profits: -$249 million; employees: 11,800; market value: $4 billion; installed capacity: 776 megawatts.

Furnas Electric Power Plants, Inc.: billing: $2.9 billion; profits: $5.4 million; employees: 7,342; market value: $4 billion; installed capacity: 8,123 megawatts.

Eletronorte [Northern Brazilian Electric Power Plants, Inc.]: billing: $448 million; profits: -$349 million; employees: 5,222; market value: $4.5 billion; installed capacity: 8,000 megawatts.

Chesf [Sao Francisco Hydroelectric Company]: billing: $649 million; profits: $93 million; employees: 9,905; market value: $3.5 billion; installed capacity: 7,815 megawatts..

Eletrosul [Southern Electric Power Plants]: billing: $735 million; profits: $4 million; employees: 3,795; market value: $2 billion; installed capacity: 3,222 megawatts.

Escelsa: billing: $280 million; profits: $38 million; employees: 2,674; market value: $716 million; installed capacity: 170 megawatts.

Government income from the sale of government-owned firms to date is as follows: iron and steel firms: $5.5 billion; petrochemical firms: $1.8 billion; fertilizer firms: $418 million; and other firms: $745 million.

In the case of those firms still awaiting the hammer, here are the amounts the government expects from coming privatizations: Rio Doce Valley Company (value estimated by the market): $11 billion; Eletrobras and subsidiaries (value estimated by the market): $15 billion; Light: $4 billion; Meridional Bank: $350 million; and minority holdings in government-owned firms: $500 million.

VLS, Nuclear, Missile Projects Viewed

96SM0005A Sao Paulo TECNOLOGIA & DEFESA in Portuguese No 64, date not given, pp 8-12

[Interview with General Sergio Xavier Ferolla, Ministry of Air R&D director, by Cosme Degenar Drumond, at the Aerospace Technical Center on 25 July 1995: "Power of Dialogue"]

[FBIS Translated Text] *Air Force General Sergio Xavier Ferolla, director of the Research and Development Department of the Ministry of Air, here talks to TECNOLOGIA & DEFESA.*

The Complete Brazilian Space Mission (MECB) is close to completing its first and important phase: according to the Ministry of Air's plans, the Satellite Launch Vehicle (VLS) will be ready for launching in July 1996. Parallel with that, the National Institute of Space Research is readying the MECB's second data collection satellite—the first was sent into low earth orbit by a U.S. rocket—and the space center in Alcantara is preparing to launch the Brazilian rocket.

Brazil's ambition is an old one. In 1979 the government established the Brazilian Commission for Space Activities (Cobae) to handle the MECB. In the 1980's, when the country began developing missile technology, the matter had great repercussions in the world press. From that point on, the MECB began to be viewed by a number of influential countries, headed by the United States, as a typically military program. That was when the international pressure started, and the MECB began to move at a snail's pace.

In 1994 Brazil established its space agency, placed it directly under the Presidency of the Republic, and deactivated Cobae. The idea was to show the world that the Brazilian space program was geared solely to civilian applications. But external pressure continued. Actually, the space industry is a gold mine for business, moving billions of dollars annually. And Brazil is in a quite favorable geographic location for exploiting the market for artificial satellite launches.

To discuss that and other matters of current Brazilian and worldwide interest, TECNOLOGIA & DEFESA interviewed General Sergio Xavier Ferolla, an official

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in the Ministry of Air who has always defended Brazil's right to possess strategic and modern technologies. Here is that interview, which was granted at the Aerospace Technical Center [CTA] on 25 July.

[Drumond] In the field of research and development, how do you assess the current situation in Brazil?

[Ferolla] With much optimism despite the difficulties. Minister Israel Vargas is doing very important work in that area, and the results will be favorable in the very near future.

[Drumond] You told TECNOLOGIA & DEFESA in 1988 that Brazil was losing good minds to other countries because of the lack of domestic incentive for research, especially in terms of salaries for scientists. What is the situation today?

[Ferolla] The situation is still extremely bad; it has not improved at all. The press recently published an interview with a scientist in Rio de Janeiro who was packing his bags to leave Brazil. That is a clear example of the terrible situation we are experiencing. Components and equipment are purchased with the greatest ease, but it takes over 20 years to train a mind.

[Drumond] What needs to be done to alter that picture of a brain drain?

[Ferolla] We need to redesign the hierarchical wage structure for researchers. They cannot be treated like ordinary government employees. If the country experiences a very rapid industrial recovery, the crisis will be worse because industry will be looking for people with advanced scientific training, and they will not be available.

[Drumond] Is the Ministry of Air also experiencing that problem?

[Ferolla] The Aerospace Technical Center is practically dying from a lack of vitality due to the shortage of skilled manpower. The older technicians are growing old and retiring, and replacements are not being found because salaries are not attractive.

[Drumond] This year's budget for the French Space Agency is close to $3 billion. NASA is working with $16 billion. What can Brazil do with a budget of 50 million reals, which is the current appropriation for the Brazilian Space Agency?

[Ferolla] The Brazilian Space Agency is responsible for the satellite launching segment and the satellite sector itself and supports the existing infrastructure; it has also been promoting the training of human resources at the universities. The Aeronautical Technology Institute in particular is going to devote itself to preparing people for master's degrees and doctorates in that field. An effort is being made to build a scientific and technological foundation.

[Drumond] The president of the space agency is making it a point to emphasize that the Brazilian institution is a purely civilian agency. There is nothing novel about that, since the same is true all over the world. In other countries, however, space agencies maintain close interaction with the military sectors. Will things be different here in Brazil?

[Ferolla] The idea in establishing the agency was precisely that of demonstrating that the Brazilian Space Program is a civilian undertaking. Previously, the Cobae had been headed by the minister-chief of staff of the Armed Forces, a fact that naturally distorted people's interpretations. So a point was made of establishing an agency linked directly with the Presidency of the Republic in such a way that it could receive directives from the presidency and coordinate work in all the ministries.

[Drumond] But interaction with the military area exists?

[Ferolla] Of course, just as it does with the other ministries. It is a natural interaction.

[Drumond] Is there also some possibility that those launch centers will become directly subordinate to the space agency sometime in the future?

[Ferolla] That is not the intention. The agency is a policy-setting body. The idea is that the Ministry of Air will continue to be responsible for launch operations, with the base in Natal operating more as a tracking station.

[Drumond] Brazil has already shown that it has the ability to build satellites. What will be the next step toward increasing the country's production of satellites?

[Ferolla] The government is working to develop the Ecco (Equatorial Communication Constellation) Program, which represents continuity with the space program. Other programs involving application satellites are on the agenda, the main examples being meteorological, remote sensing, and scientific satellites.

[Drumond] Will those satellites be launched into space on Brazilian platforms?

[Ferolla] At first we will have launches with rockets purchased on the foreign market. In the second phase, the intention is to upgrade the Brazilian Launch Vehicle to handle that task.

[Drumond] According to information from the Ministry of Air, the VLS will fly next year. Have all the technical problems with the VLS been overcome?

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[Ferolla] It is a sophisticated program. We are working with a team that is quite small, and we cannot hire external advisers. There are critical aspects involving guidance, pyrotechnics, and propellants. But the tests are being carried out on schedule. Technically speaking, all the difficulties have been overcome.

[Drumond] In the field of defense equipment, there is no longer the same demand that existed a few years ago. In Brazil especially, the industrial sector is limping and about to collapse. What do you think about this?

[Ferolla] The Ministry of Air has been instructing its suppliers not to be completely dependent upon the military area. The philosophy we advocate says that industry can have the ability to meet specific military requirements while also supplying the civilian market. The trend has been showing that the firms need to work with from 60 to 70 percent of the sophisticated civilian market by applying the advanced technology acquired on military projects. Only in that way will we be able to have stabilized firms with guaranteed survivability and the ability to meet the requirements of the Armed Forces.

[Drumond] Has the Ministry of Air been placing orders specifically in the domestic productive sector?

[Ferolla] In terms of war materiel, the Ministry of Air's budget has been increased several times this year. We are ordering standard components, equipment, and materiel. We will soon sign the contract for development of the Super Tucano—the so-called ALX. About 100 aircraft will be acquired. The program to improve the F-5's is still awaiting approval from the Presidency of the Republic, but that matter will be decided in the very near future.

[Drumond] In modernizing the F-5's, will the foreign firm that is selected have to work in partnership with Brazilian industry?

[Ferolla] Doing so will be compulsory.

[Drumond] After modernization, what will be the expected useful life of those aircraft?

[Ferolla] Up to approximately 20 years.

[Drumond] Does the Ministry of Air intend to operate the FX as a replacement for the F-5's and Mirages?

[Ferolla] We need to have that aircraft sometime between 2015 and 2020. At the moment we are completing the Preliminary Technical-Logistic-Industrial Requirement (RPLIP). The Air Force General Staff will work out the requirement, and then we will have an idea of the profile of the aircraft we need. Then the decision will be made as to whether it will be developed in Brazil, or in partnership, or whether we will buy a model similar to the desired fighter plane and get involved in its avionics so that it will meet our objectives. All of that will be decided later. In the meantime, it is necessary to define the type of aircraft that would be ideal for the Air Force.

[Drumond] You were once director of the War College [ESG], an institution that exercised great influence on the country's political life in the recent past. Is the ESG an instrument of power?

[Ferolla] The ESG went through a period of decline and ostracism because it was considered by the New Republic to have had something to do with the period of dictatorship, which was not true. It has a complete doctrine of interest in the nation: it defends national sovereignty, the nation-state, and national security. National security is not a military problem: it is a problem of society. The major national issues need to be debated, and that is what the ESG encourages and promotes.

[Drumond] Conceptually, what is the ESG's role?

[Ferolla] The ESG looks at national power as that power is expressed politically, economically, psychosocially, and militarily and in the realm of science and technology. At the moment, the ESG is at the ideal point in that it is helping to define the kind of country we must have to deal with this complex, unpredictable, and sophisticated world.

[Drumond] State participation is fundamental in developing strategic technologies. In France, for example, 72 percent of the investments made in the space area are sponsored by the state. In Brazil, investment is very insignificant. What do you think about this?

[Ferolla] There is an international misconception, much repeated in Brazil, to the effect that it is private industry which produces technological development. That is a lie—a very big lie. In every developed country, the state participates quite heavily because it is precisely state investment which puts the firms in a position to do their developing for the professional market. Unfortunately, budgets in Brazil are being much reduced, but there needs to be a political awareness that it is the state that develops technology of strategic interest.

[Drumond] In 1974 the Brazilian Government needed to find an alternative to petroleum as a source of energy, and the result was the National Alcohol Program. That program was developed entirely in the laboratories of the CTA, which even converted gasoline engines to run on alcohol. But the program has not been unanimously supported. What is the explanation for that?

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[Ferolla] As the years passed, people forgot that it was necessary to plant more sugarcane in order to have more alcohol. The CTA traveled 20 million kilometers in testing the program so as to be certain when presenting it to President Joao Figueiredo. The program was approved, and we went from our original production of 600 million liters annually to today's 13 billion liters of alcohol. The most important thing is that this program is unique in the world as an alternative energy source for automotive use.

[Drumond] In the field of new materials, what have been the most significant programs developed by the CTA?

[Ferolla] All the special steels that Brazil currently produces were developed at the CTA. The Eletrometal firm, established with the support of the BNDES [National Bank for Economic and Social Development], began producing those steels for the Sonda family of rockets and has also supplied the market for machinery and tools. The CTA also developed the titanium technology that was transferred to the Rio Doce Valley Company. Ammonium perchlorate, another victory by the CTA, is being produced by the Andrade Gutierrez Chemical Company. The weather radar developed by the CTA is now in the hands of the Tectelcom firm for production. Microwave technology is another example. In short, the CTA's contribution is tremendous, and it is the country that benefits.

[Drumond] On the subject of nuclear technology, how did the Ministry of Air become involved in the development work?

[Ferolla] Many years ago there was an independent program in that field in Minas Gerais. It was the so-called Thorium Group, and it consisted of several scientists specializing in that technology, among them Israel Vargas, the current minister of science and technology. The group was working on nuclear fuel, but it had practically ceased functioning. The Ministry of Air then began an autonomous nuclear program headed by the Presidency of the Republic. Participants included the National Nuclear Energy Commission, the CTA, and the Navy, among others. Enrichment technology was divided into two stages. One, involving the centrifuge method, used Eletrometal's capabilities with special metals to produce the specific steels used in the ultracentrifuge, which the Navy was in charge of manufacturing in Sao Paulo. The other involved laser technology, on which the CTA has been working very successfully. Laser enrichment is like progressing from a radio with tubes to a radio with integrated circuits. It is a fantastic technological leap. Centrifuge enrichment is now a complete success. The Navy has completely mastered that technology. The ultracentrifuges are being set up in a chain—in cascades—so as to have the quantity of fuel required by the reactors.

[Drumond] Nuclear energy is a controversial subject. In your opinion, should Brazil use it or not?

[Ferolla] I always say that that is going to be decided by our great-grandchildren. But as to whether nuclear energy will be necessary in the future, I have no doubts on that score. Water resources are being exhausted, and fossil fuels pollute and are very scarce.

[Drumond] Is thorium still something that Brazil wants?

[Ferolla] Thorium can be used in fast reactors, and that is one of Brazil's goals. In terms of our country's current needs, the deposits we possess will enable us to generate equivalent energy for 1,000 years. It is therefore a matter of the greatest importance to have that knowledge so that in the future, our descendants can decide whether they will really use it or not. The entire world is investigating nuclear fusion, but nuclear fusion is something utopian at the moment. Let us hope that it is achieved!

[Drumond] There is fear in the developed world that Brazil might use the knowledge it has gained in the nuclear area to produce weapons with disastrous power. What is your opinion?

[Ferolla] Brazil has signed international treaties guaranteeing the world that it does not intend to use nuclear technology for warlike purposes. Brazil's intentions in the nuclear area are concerned with industrial-technological goals: the generation of energy and medical uses. Our 150 years of cordial relations with our neighbors are a demonstration of our country's peaceable posture.

[Drumond] In 1987 the industrialized world decided to ban the transfer of sensitive technologies to nations working on missile projects. That decision affected Brazil. Could you comment on this?

[Ferolla] Brazil has always suffered a great deal from reports in the media—some of them accurate—regarding attempts to export sensitive materials to countries that are not allowed to receive those materials. Our country recently declared that it would respect the MTCR (Missile Technology Control Regime). Through its Ministry of Foreign Affairs, Brazil has signed an international agreement, meaning that it must be recognized as a member of the MTCR. Parallel with that, and as a condition for that recognition, the Strategic Affairs Secretariat (SAE) has sent the National Congress a very tough legislative bill for overseeing the export or reexport of sensitive materials. The result, in terms of strategic decisions, is that Brazil is taking its place as a recognized

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member of the MTCR, with its technological and commercial program being recognized as important and intended for peaceful purposes.

[Drumond] What are the Brazilian Air Force's plans regarding the use of missiles?

[Ferolla] The FAB [Brazilian Air Force] needs missiles for its aircraft. This involves short-range self-defense missions. The intention in that connection is to have an air-to-air missile—the Piranha MAA1, which is already under development—making its first flight in August; an air-to-surface missile to be developed in the near future; and a medium-range air defense missile for use on the FX. When it becomes possible, we also want to have an antiship missile.

[Drumond] You have been saying that one of the Ministry of Air's goals in the field of space is to turn the Alcantara Launch Center into an international complex. Is that true?

[Ferolla] Alcantara enjoys a privileged location on the equator. Its only equal anywhere in the world is the French base at Kourou, French Guiana. But Brazil possesses an important pair in Alcantara and Natal. Because of the bend in the Brazilian coast, Natal lies in the middle of the Atlantic Ocean compared to Alcantara. The Natal base is already being used by European launchers to track the second launch phase. So the two bases form a very important pair: Alcantara as a launch center and Natal as a tracking station until the rocket is handed over to a third tracking station in Africa. The entire investment that the Ministry of Air has been making is aimed at ensuring that Alcantara will qualify as a center for international launches.

[Drumond] Have there been any proposals by the international community expressing an interest in using the Alcantara center?

[Ferolla] We are receiving many commercial proposals and investigating a business solution so that Alcantara can sign contracts. Taking the long-term view, those contracts will be worth hundreds of millions of dollars.

[Drumond] Which countries have already expressed an interest in Alcantara?

[Ferolla] We have been receiving proposals from all over the world, especially the United States and Europe. Several firms have been contacting us.

[Drumond] Is the Alcantara center ready to meet that demand now?

[Ferolla] Very large investments are being made in infrastructure. This involves launch platforms, launch sites, a port, an airport, and so on. Those projects are being discussed with the firms.

[Drumond] How would the business solution for Alcantara work?

[Ferolla] In the same way that Infraero [Brazilian Airport Infrastructure Firm] manages airports in Brazil. That is more or less the idea. We would have a firm managing the center, the sites, and the launch firms, each with its own specific problems, and a system for overseeing the entire area and handling security matters, keeping the air routes clear, and keeping the ocean clear. All of that will be the responsibility of the Ministry of Air but be managed by the launch center.

[Drumond] Will income from the launches stay in the Ministry of Air?

[Ferolla] The profits will go into the Air Fund for use in joint projects with Brazilian industry.

[Drumond] What is Brazil looking for in the world as far as partnerships in the space area are concerned?

[Ferolla] We need components. Brazil never intended to achieve complete self-sufficiency. Our country was forced to organize its programs vertically because of the international barriers it faced in the recent past. But that path is much more painful, extremely expensive, and slower. We hope that with the disappearance of those barriers, our country will be able to acquire components and systems abroad in partnership with firms.

[Drumond] In conclusion, do you feel that Brazil now exhibits a will to build a better future for Brazilians?

[Ferolla] I would say that an awareness of the need to have a domestic program—to make investments in the scientific and technological area—is taking shape. That is the only way for the country to acquire the power to engage in dialogue with the developed world. That conviction is taking shape in the Ministry of Science and Technology, the Special Affairs Secretariat, and the National Congress. Political decisions are very important in any country, and we hope that the Brazilian programs will be successful in the near future.

Chile

Bomb Explodes at University School; Other, Fake Devices Found

PY0311010295 Santiago EL MERCURIO in Spanish 2 Nov 95 p C10

[FBIS Translated Text] A medium-strength bomb exploded outside the School of Chemistry of the Metropolitan University of Education Sciences, UMCE, at 774 Jose Pedro Alessandri Street in Macul, shattering windows and damaging walls.

The police reported that the attack was perpetrated by unidentified individuals who detonated the bomb at about 2000 on 31 October, without causing any casualties. No organization has yet claimed responisbility

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for the attack. There were no pamphlets to explain who might have been the perpetrators of the attack. Moreover, at 1720 on the same day a fake bomb was found at the Copec [Chilean Oil Company] building at 1382 Agustin Street. An anonymous telephone caller alerted Carabineros and the Investigative Police. At 1600 another fake device was found in the bathroom of the Simon Bolivar Institute at 91 Ejercito Street, but no one has claimed responsibility for the threat.

Chinese Government, CPCC Delegation Ends Five-Day Visit

PY0211193795 Santiago EL MERCURIO in Spanish 28 Oct 95 p C4

[FBIS Translated Text] Valparaiso—A top-ranking Chinese Government and CPCC delegation headed by Vice Minister Zheng Bijian and Ma Enchao, chief of the international department, [titles as published] ended a five-day visit to Chile yesterday. The Chinese officials were visiting Chile in response to an invitation extended by the Socialist Party.

Senate Vice President Ricardo Nunez, who met with the visiting delegation in Congress with Jaime Estevez, president of the Chamber of Deputies, said that "because of China's growing importance at the international level, I believe it is highly important to strengthen political ties which will allow us to achieve without too many problems the agreements that China is willing to promote with us. Therefore, we believe that the visit that Chinese Government and CPCC high-ranking officials have paid to Chile is very positive."

Insulza: G-15 Expected To Discuss Economic Issues

PY0311013395 Santiago EL MERCURIO in Spanish 1 Nov 95 p C2

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza has said that the government expects the Group of 15 [G-15] to coordinate the positions of its members concerning issues that might have direct effect on the development of nations such as the economic, commercial, and financial issues.

That will be precisely the main subject of discussion at the G-15 summit that will be held this weekend in Buenos Aires, in which President Eduardo Frei will participate, being the first Chilean president to attend this summit since Chile has joined this forum.

Chile has been a member of this group for a little more than two years, but for different reasons the Chilean president has not been able to attend any of the summits. The first year when then President Patricio Aylwin was to participate, he decided not to attend because the date of the summit was too close to the general elections that were to be held in our country in December 1993.

The G-15 now groups 16 developing nations that represent a greater degree of development among the nonindustrialized countries. It is highly representative; some of its members are Egypt, India, Malaysia, Indonesia, Argentina, Mexico, and Algeria, among others.

The establishment of this selected group of developing nations has been conceived with the purpose of establishing some sort of a bridge between these countries and the industrialized ones, namely with the intention of establishing a dialogue between the G-15 and the G-7, which gathers the seven industrialized powers.

Insulza explained that "the G-15 has emerged from a representative selection of countries of the south in an effort to become an interlocutor of the G-7, that is, to represent the positions of what was one time called North-South dialogue. [no closing quotation marks as published]

The Chilean foreign minister stressed Frei's presence in Buenos Aires and added that it will be the first time that a Chilean president will attend a G-15 summit.

Insulza admitted that despite the good intentions and its representativity, the G-15 has not yet played its role adequately because, more than an interlocutor of developing nations as opposed to the industrialized nations, it has been a south-south technical cooperation group.

"We hope the G-15 will become a group for discussion of the great subjects of the financial and commercial issues among others," the foreign minister said.

Insulza, who arrived last night in Great Britain on an official visit, will travel directly from Ireland to Buenos Aires to meet the official delegation that will attend, as of this weekend, the summit in Buenos Aires.

Air Force Chief Announces Second Satellite Launching

PY0211180195 Madrid EFE in Spanish 1758 GMT 31 Oct 95

[FBIS Translated Text] Santiago, 31 Oct (EFE)—Chilean Air Force Commander General Fernando Rojas Vender announced that a second satellite, the Fasat-Bravo, will be launched in August 1996.

General Rojas Vender made the announcement after meeting with Ukrainian President Leonid Kuchma, who concluded an official two-day visit to Chile today.

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General Rojas Vender explained that the new Fasat-Bravo satellite has similar characteristics to the Fasat-Alfa satellite, which failed to go into orbit last August when it remained attached to the Ukrainian Sich-1 satellite that was launched from the Plesetsk launching site in Russia.

The new Chilean satellite is being built by the British University of Surrey under the same team of Chilean and British scientists who participated in the previous project.

After the meeting with Rojas Vender, President Kuchma said his country was not responsible for the launching failure, and suggested that the British be asked why the project failed.

Kuchma said his country "did everything it had to do" for the launching to be successful, and that the Ukraine can guarantee the second launching of the Chilean satellite.

It was learned that during the meeting with Rojas Vender, President Kuchma conveyed the Ukrainian interest in launching the Fasat-Bravo satellite.

Asked about this possibility, General Rojas Vender admitted: "Of course it is a possibility, because in the circles in which we work, satellite launching is not available all the time; therefore, we must wait until it is available."

General Rojas Vender also said it is difficult to know for sure who was responsible for the loss of the Fasat-Alfa because the satellite launching process is very complex.

He said in addition that the insurance company has already been contacted to cover the loss for the launching failure, which is $3 million.

Main Points of Constitutional Reform Proposals Outlined

PY0311004295 Santiago EL MERCURIO in Spanish 29 Oct 95 p A1

[FBIS Translated Excerpt] The Christian Democratic [DC] congressional bloc yesterday expressed its concern regarding the latest constitutional reform proposal made by the government at a moment when reform proposals are increasingly generating a controversy within the main center right party [National Renewal].

The DC deputies believe that the recent government proposal has some gaps regarding congressional control, the maintenance of the binominal system, and the role of the Armed Forces in the political system.

The disagreements expressed within the government coalition regarding the reforms proposed by the executive branch are taking place at the same time when the feasibility of Senate reform proposals are being doubted and when the discrepancies on the subject are increasing within the opposition coalition.

National Renewal [RN] congressmen again expressed disagreements among themselves yesterday regarding the government proposal while the UDI [Independent Democratic Union] reiterated its firm rejection to substantial changes to the Constitution.

The debate about this subject is becoming increasing complex as result of the many reform proposals and the different reactions it generates among political parties and Congress. [passage omitted]

Constitutional Reform Proposals

"Frei Proposal": —Elimination of government-appointed senators —Constitutional Court made up by seven members, two of which would be appointed by the Supreme Court, two by the Senate, two by the Chamber of Deputies, and one by the president. —National Security Council: The president of the Chamber of Deputies would become a member; decisions would be made by absolute majority; the president would vote to settle a tie; it would be summoned only by the president or by petition of three members.

"Proposal by RN Senators Sebastian Pinera and Sergio Diaz": —Probity and control. —Constitutional Court made up of seven members nominated by the Supreme Court; one member appointed by the president; the rest of the members would be appointed by two thirds of the Senate members. —National Security Council: It would maintain the current structure; it would be summoned by the president of the Republic when two or more members request it; it would only express opinions without voting. —The Armed Forces commander in chief and the Carabineros director would be appointed by the president of the Republic at the beginning of his mandate; they would remain in their post for three years and they could be reappointed only once.

"Proposal by National Renewal Senator Miguel Otero": —Constitutional Court: made up by seven members who would last nine years in their post; they would be renewed every three years [as published]; the Supreme Court would call to a public contest to suggest names to the president of the Republic who would then appointment them; they would have to be ratified by four-sevenths of the Senate members. —National Security Council: It would maintain the same current structure; it would be summoned only by the president of the Republic or by petition of two of its members; voting sessions would be held only to appoint people or to pass them to retirement.

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"Second Government Proposal": —Probity. —Vacancy of the position of president of the Republic. —Removal of government-appointed senators. —Control. —Approval of international treaties. —Speeding up of legislative processes. —Constitutional Court: made up of seven members who would remain seven years in their post; they would be renewed annually [as published] and they could be reappointed only once; the Supreme Court would call every year to a public contest and it would propose five names to the president of the Republic who would select one who, in turn, would have to be ratified by three-fifths of the Senate members. —National Security Council: Its current structure would be maintained; it would be summoned by the president of the Republic or by petition of two of its members; cases of actions or subjects that seriously threat the institutions or national security would not be voted on.

Opposition Reactions to Constitutional Amendment Differ

PY0111002795 Santiago EL MERCURIO in Spanish 27 Oct 95 p C3

[FBIS Translated Excerpt] The opposition had different reactions to the new constitutional reform project that the government announced on 26 October.

For the RN [National Renewal Party] president, the reformulation of the original executive branch proposal allows for moderate optimism over the possibility of reaching an agreement. The UDI [Independent Democratic Union] leadership, however, categorically rejected the project, claiming that it confirms the objective of dismantling the Constitution.

The UDI position was endorsed by RN "hardliners," who are represented by Alberto Cardemil, an RN deputy and the RN vice president, who criticized the new government proposal, saying that it aims to "pull their legs."

UDI President Jovino Novoa termed "opportunistic" the fact that the Coalition of Parties for Democracy included in the reforms some points to strengthen the legislative branch.

Novoa called upon RN to reflect on the seriousness of modifying essential aspects of the Constitution—such as putting an end to the independence of the Constitutional Tribunal, transforming the National Security Council into a decorative entity, and eliminating designated senators.

In this regard, UDI leaders deplored that the opposition pact has been undermined after RN gave up its main objective, which was to become an alternative for power to the Coalition of Parties for Democracy. They claimed that this will be impossible if rather than cooperating with its allies a party prefers to help the government modify a system that has given stability to Chile.

Acting RN President Alberto Espina said that the reformulation of the government bill is a victory for the opposition because it introduces elements that the opposition has claimed to be essential—especially in connection with the supervisory power of Congress, the issuance of regulations of constitutional rank over managerial transparency, and the acceleration of the process of approval of laws. He noted that all this allows for moderate optimism over the possibility of reaching an agreement. [passage omitted]

Continental Glaciers Border Dispute: New Map Being Drawn

PY3110130595 Santiago LA TERCERA DE LA HORA in Spanish 19 Oct 95 p 8

[FBIS Translated Excerpt] The concern regarding the pending border dispute with Argentina—the Southern Continental Glaciers—has increased among many Chilean citizens after the total loss of Laguna del Desierto, and it is hoped that this time Chile will win the dispute. However, the future lies in the hands of the Argentine and Chilean congressmen who must ratify the agreement signed in August 1991 between Presidents Patricio Aylwin and Carlos Menem.

Regarding this subject that has come into the limelight again, Foreign Minister Jose Miguel Insulza reiterated that neither of the two governments intends to hasten the approval of the treaty and that it is essential that the two congresses study it calmly. From his point of view, he considers this a good treaty that should be approved because it meets the interests of the two countries. This is the last pending border conflict out of 24 Chile had with Argentina.

As for the map that the Military Geographic Institute (IGM) is drawing of the zone—a task it is carrying out with 314,880,000 pesos it received from the Finance Ministry—Insulza said that it will be ready by the first few months of 1996.

Although he does not consider the map of the zone in dispute essential at all, he said, the Senate Foreign Affairs Committee will wait for this map before approving the treaty. He said that the map is being made "primarily for the calmness of the entire country."

The basic issue of the treaty, he said, is that it is very difficult to follow a border line in an area like the Southern Continental Glaciers because it traverses water and ice. It was decided that several points known on all

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maps would be united with straight lines. This is why they are called polygonal lines.

The map that is being drawn is the largest that exists. The former map of the area was drawn to a scale of 1:100,000, while the current one is being prepared using a scale of 1:50,000, which allows one to see better what lies on what side, "although the lines do not change because they are straight lines that join known points."

The total extension of the Southern Continental Glaciers is 13,900 sq km, of which 11,000 sq km unquestionably belong to Chile and 600 sq km belong to Argentina. A 2,300 sq km area is in dispute.

Senator Antonio Horvath said that the intention is to modify the border between Aisen and Magallanes along a 232-km stretch from north to south. He claims that Argentina could retain a large number of tourist spots and extremely close proximity to the Pacific Ocean. [passage omitted]

Supreme Courts Grants Amnesty to MIR Members

PY3110143295 Santiago EL MERCURIO in Spanish 27 Oct 95 pp A1, A16

[FBIS Translated Excerpt] Through the amnesty law, the criminal chamber of the Supreme Court unanimously and definitely acquitted members of the MIR [Movement of the Revolutionary Left] who were arrested on 10 July 1974, accused of kidnapping the married couple Barbara Uribe Tamblay and Edwin Francisco Van Yurick Altamirano. It is believed that the MIR members were arrested by former Dina [National Intelligence Directorate] agents, although nothing has been heard of the married couple since. [passage omitted]

Justice Minister Soledad Alvear stated that the implementation of the Amnesty Law by the Supreme Court in cases of human rights violations does not represent compensation for the Contreras case.

Alvear said: "We have categorically demonstrated the full independence of the judicial branch. Judicial rulings are not negotiated, they are served according to the law." [passage omitted]

UDI-RN Political Agreement 'Virtually Severed'

PY0111233995 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 1 Nov 95

[FBIS Translated Text] The pact of the political right was virtually severed today. While the UDI [Independent Democratic Union] has reasserted it's willingness to continue its association with the National Renewal Party [RN] whenever the latter rejects the proposed constitutional reforms, RN has stated that this is unacceptable blackmail.

[Begin recording] [Fidel Ollarzo] An atmosphere of open conflict prevails in the opposition after UDI Deputy Longueira warned yesterday that if the RN's upcoming general council supports the constitutional reform, the Unity for Chile Pact is useless.

RN Vice President Alberto Espina today categorically answered this ultimatum.

[Alberto Espina] Political pacts cannot operate on the basis of blackmail and extortions. They function on the basis of a real and effective willingness to achieve an understanding, and to properly assess the adversary.

[Ollarzo] Espina said that if the RN general council meeting scheduled for 11 November does not support the RN national board position, they are willing to tender their resignations to their party posts.

In addition, Longueira defied the RN vice president in the afternoon.

[Longeuira] If RN chooses to achieve an agreement with the CPPD [Coalition of Parties for Democracy] on the constitutional reform proposal, it is obvious that it has decided to sever the Union for Chile Pact because there are no other areas we can agree on.

[Ollarzo] It is obvious that the right is experiencing a serious conflict. In addition to what was reported today, RN has reported that during its upcoming general council meeting, it will discuss not only the constitutional reform issue but also the advantages of continuing in the pact with the UDI headed by Jovino Novoa. [end recording]

Colombia

Reportage on Assassination of Former Presidential Candidate

Politician Killed in 'Terrorist' Attack

PA0211183795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 2 Nov 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] [Studio announcer] We cannot say good afternoon in view of the horror of this morning's events in Santa Fe de Bogota. A few minutes ago, the former conservative candidate for president died as the result of a criminal attack, in which he was shot four times after lecturing at the Sergio Arboleda University, north of Santa Fe de Bogota. This is a report from Jeanette Hinestroza from the site of the attack. Come in, Jeanette.

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[Hinestroza] That's right, Jimena. Good afternoon. We are outside the Sergio Arboleda University, where Gomez Hurtado was the victim of a terrorist attack that cost him his life this morning. We will describe the events. Gomez Hurtado was leaving the University, located on 74th Street between 14th and 15th Avenues, where he had just lectured, when at about 1100 he was intercepted by two young men dressed in black leather jackets who were riding in a car. The men shot him three times, in his chest and face.

He was taken to the Country Clinic in the capital, but, despite the efforts of doctors in the hospital's emergency ward, they could not save his life.

Members of the Police, Army, and the Prosecutor General's Office are here at the site of the attack, collecting all of the evidence and testimonies of witnesses to officially start an investigation. One of the pieces of evidence is 10 spent 9-mm cartridges fired in the attack. Jimena has more information.

[Studio announcer] Thanks, Jeanette, for your report. We will get in touch with you later.

Gomez Hurtado was marked by his radical position regarding the country's present situation. Several years ago, he was kidnapped by then-guerrilla group 19 July Movement.

He was born 76 years ago. An aggressive member of the Conservative Party, he was always marked by his criticism of the government and the way the peace process is being conducted. He was kidnapped on 29 June 1988, when one of his bodyguards was killed. He was a newspaperman and lawyer in the service of the Rosario University. At present, he worked as professor at the Sergio Arboleda University. He had also been a municipal councilman, House of Representatives member, and ambassador to the United States.

Twice a candidate for president, he founded the National Salvation Movement. A former Constituent Assembly member, Gomez Hurtado was the father of journalist Mauricio Gomez, currently residing in Paris.

With his death, the country loses one of its most prominent political leaders in the past two decades.

Government 'Deplores' Assassination

PA0211185695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 2 Nov 95

[Communique issued by the Government on the assassination of Alvaro Gomez; from the "Colombia 12:30" newscast]

[FBIS Translated Text] The national government deeply deplores the cowardly assassination today of former presidential designate Alvaro Gomez Hurtado. The government has established the necessary measures for the capture of the criminal perpetrators, for whom an intense search is under way at this hour. The government is adopting the necessary measures to guarantee the general public's tranquility.

The president of the Republic has convened a special security council meeting starting at 1500 today, to discuss the country's public order situation with all of the governors and Armed Forces and police division commanders.

The president of the Republic, Dr. Ernesto Samper Pisano, hereby expresses his grief over the assassination of Dr. Alvaro Gomez Hurtado, which constitutes an attack on the entire nation. The president has contacted Mr. Enrique Gomez Hurtado and Dr. Alvaro Gomez Hurtado's family to express heartfelt condolences on the national government's behalf.

State of 'Internal Disturbance' Declared

PA0311020495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Nov 95

[Speech by President Ernesto Samper at Narino Palace in Santa Fe de Bogota — live relay]

[FBIS Translated Text] Fellow Colombians: This is one of the most distressing and painful days Colombia has lived. The regrettable assassination of Alvaro Gomez Hurtado this morning has cast the entire nation into mourning.

Alvaro Gomez was not an ordinary citizen. His family, professional background, experience, and love for his country have made him stand out among all those people I have met. Gomez was not just another congressman, lawyer, or journalist. He was the epitome of an exemplary congressman, devoted to the interests of the motherland. He was a lawyer, a professor of lawyers. His role as a journalist leaves an example of uprightness and honesty that will have to be followed by future generations of journalists. His political career was not

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a random event. The blessing of being the son of Laureano Gomez gave him a special understanding of the Colombian situation, an awareness that has lasted his entire life.

I still remember the happy moments we shared a few years ago as we witnessed his release by the people who had kidnapped him. I also remember the talks we held during the first months of my administration on topics that always interested him, such as justice, public security strategy, and the international fight against drug trafficking. There will always be an indelible trace of Alvaro Gomez Hurtado in Colombians in this regard and many others.

Because I knew him and was always his friend, tonight I feel, as a Colombian, this profound grief I want to share with you; this is also why I am convinced that in light of a situation such as the one we are experiencing, he would have wanted Colombia not to yield to violence, and that is what we will do. We will not yield one single centimeter to violent groups.

The Special Security Council decided in its meeting today to create an elite investigation group that will be charged with the total clarification of this morning's regrettable incident. The best members of the state security organizations will make up this group. I will not allow the narco-guerrillas, criminals, subversive elements, or criminal organizations to seize control of the country. I will act with the necessary strength and will pay any price to defend Colombia's institutions.

Aware of the serious situation of public disorder the country is experiencing, we have not nor will stop for one moment using all the mechanisms at the disposal of the executive branch to guarantee public peace and coexistence.

Based on the incidents that have taken place and in using my constitutional powers to lead the public force and to avail myself of it as supreme commander of the Armed Forces of the Republic as well as to preserve public order in the country and to restore it wherever it is disrupted, I made the decision today to declare the state of internal disturbance in the entire national territory, because the government may pass special laws to equally face special situations of disorders, according to Article 213 of the Constitution.

Starting tonight, the Armed Forces, the police, and the state's security organizations have new powers to effectively conduct their duty of preventing and fighting crime.

Starting tonight, the public force will be empowered to carry out arrests and to conduct raids without judicial orders, in accordance with what has been stipulated in the statutory law regulating special statuses. Starting tonight, the public force, in coordination with local authorities, will be empowered to restrict the circulation of vehicles and individuals anywhere in the national territory.

Starting tonight, the media will not be able to release total or partial information, communiques, or interviews with any person, body, or organization claiming the commission of criminal acts or their participation in them.

Starting tonight, we will intensify the pursuit of the financial sources of criminal organizations, starting with the armed groups that are outside the law.

In addition to this series of measures adopted, we will continue working today with the Congress of the Republic, as we have been doing so far, to establish permanent norms that can guarantee each and every Colombian the security they are demanding.

The government has already submitted to congress the bills that will allow us to convert into permanent laws the decrees dictated by virtue of the previous state of internal disturbance and which were recently declared unconstitutional.

In a meeting today with the country's governors and military and police commanders, we decided to take immediate actions we will carry out as a giant crusade against violent people in the national territory.

Colombians, the times in which we are now living are not times of confrontations but, rather, of solidarity and understanding. This is not the time for conflicts but, rather, of rapprochements and agreements. This is not the time to relive hatred but, rather, to find new bridges for rapprochement.

All Colombians must make an act of faith in the future of Colombia in this time of suffering. Parties and political forces, their leaders, without exception, are obligated to preserve Colombia's democratic institutions. We hope the media, with their obligation to conduct their informative duties with responsibility, will be able to carry out their historic role.

I call on all Colombians to show their good sense and to remain calm. The memory of people such as Alvaro Gomez Hurtado who have fallen in this long struggle demands this from us. Good evening.

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Esguerra on Declaration

PA0311023695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Nov 95

[Interview with Defense Minister Juan Carlos Esguerra by Orlando Guerrero at the Narino Palace in Santa Fe de Bogota; from the "Seven O'Clock Newscast" — live relay]

[Guerrero] Mr. Minister, the special Council of Ministers session has just concluded. What are the conclusions of this council?

[Esguerra] The fundamental conclusion was the government's determination to declare the state of internal disturbance throughout the national territory as a result of these emerging incidents of violence and terror. These incidents are part of a special situation that has unfolded in recent times.

[Guerrero] What has been decided regarding security measures for Santa Fe de Bogota and the rest of the country?

[Esguerra] We have adopted certain measures pertaining to the authorization of military and police forces to carry out arrests, order raids, carry out raids even under special circumstances without a judiciary order. Measures have been adopted regarding the handling of the media, and other measures we are considering at this time and in the process of promulgating will come in the coming hours and days.

[Guerrero] Alvaro Gomez was practically your political mentor. You were a member of the National Constituent Assembly representing the National Salvation Movement. How did you receive this killing?

[Esguerra] With a profound, profound pain as a Colombian and with a profound pain as a friend. I really do not understand what was the reason for killing a person of the abilities and caliber of Alvaro Gomez, whom I loved, admired, and appreciated very much.

Arrest of 6 Suspects Confirmed

PA0311021595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Nov 95

[Report by Soraya Yanine from the "Seven O'Clock Newscast"]

[FBIS Translated Text] At this hour the police have confirmed the arrest of six suspects in the criminal attack against Alvaro Gomez Hurtado. The police also confirmed that four vehicles that may be involved in this crime are intensively being sought. These vehicles are: a white Mazda, license plate No. RDI8171; a red Nissan Patrol, license plate No. MBB141; a white Renault 9, license plate No. ASG885; and a beige jeep, license plate No. LIN033.

At this hour, the police have set up road blocks all over the city. Military forces have been confined to garrison, and raids in the northern part of the city continue.

Attorney General, Minister Comment

PA0311025195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 3 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] We now have more heartfelt and adverse reaction in light of the vile assassination of Alvaro Gomez Hurtado:

[Begin recording] [Attorney General Orlando Vasquez] This element is part of a well organized orchestration of criminality in Colombia that attacks individuals, society, and legitimate institutions in an attempt to destabilize institutionality.

[Justice Minister Nestor Humberto Martinez] We have received this sad, unfortunate news as an incentive to continue fighting criminality in all its forms. Colombia must continue working in this direction.

[Police Inspector General Carlos Alberto Pulido] One may think government enemies are behind this, particularly the rebels who have a great desire at this time to harm the country. [end recording]

Effort 'To Destabilize, Sow Chaos'

PA0311044895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0230 GMT 3 Nov 95

[From the "QAP News" newscast]

[FBIS Translated Text] "QAP News" today learned from reliable sources about the existence of a plot whose next victim was to be Police Director General Rosso Jose Serrano. It was also established that President Samper canceled an activity that was to take place in Santa Fe de Bogota's neighborhood of Britania because of reports of a plan of attempts.

We consulted the defense minister on this matter:

[Begin recording] [Defense Minister Juan Carlos Esguerra] We know from intelligence reports that in this case there are [words indistinct] in their effort to destabilize and sow chaos and anarchy, [words indistinct]. We will have to call on Colombians for solidarity and cooperation so that every person will do his share in order to help us [words indistinct].

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[Unidentified reporter] As a minister, are you guaranteeing security to other vulnerable people; that is, former presidents, former members of the [word indistinct] government?

[Esguerra] To the extent of our capabilities [words indistinct] the special Security Council to this process [words indistinct] to see how we can guarantee the personal security of Colombians, particularly those who are at risk.

[Reporter] The president was to go to the neighborhood of Britania this morning, but he suspended the visit.

[Esguerra] No, he did not suspend it because of the rumors [words indistinct] today's activities. [words indistinct] [end recording]

Attorney General Interviewed on Work With Prosecutor

PA0211152095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 1 Nov 95

[Telephone interview with Attorney General Orlando Vasquez Velasquez by station announcer Edgar Artunduaga Rodriguez in Santa Fe de Bogota and news director Dario Arizmendi in Madrid—live]

[FBIS Translated Text] [Artunduaga] The Attorney General's Office and the Office of the Prosecutor General sometimes seem at odds or involved in a confrontation, but an important event that occurred this week proved the two organizations can work together on certain investigations. How do you see this event, Mr. Attorney General Orlando Vasquez Velasquez? Good morning.

[Vasquez] Good morning. Undoubtedly, it is very significant, particularly to the public, because it proves once again that if any antagonism has occurred, it is not the result of the situation. The meeting held with the prosecutor general this week at the Office of the Attorney General clearly shows this is possible if a common goal is involved, if we have the same purpose—meaning the struggle against crime, to fulfill society's demands for solutions. We will try to do it through certain investigations on cases that are of national interest.

[Artunduaga] Yes, sir. The first investigation, Mr. Attorney General, deals with General [Luis] Urbina (R), who is no longer in the Colombian Army. He leaked a document, leaked a recording that reportedly includes the voices of Mr. [Heyne] Mogollon, the deputy who is investigating the president of the Republic, and the manager of a bank. Mr. Attorney General, what specific steps have been taken in this concern?

[Vasquez] It is barely in the preliminary investigation phase. This involves technical, scientific, and very professional aspects. Each agency must carry out its work in a separate manner, but they can perfectly well complement one another's actions. Therefore, we will try to fully solve the case—but it should be understood that no one has been charged. That is why we intend to find out the whole truth, which is what the country needs, and, I repeat, each of our agencies will complement the others' actions.

[Artunduaga] Mr. Attorney General, are you investigating the fact that information was leaked, or the veracity of the document?

[Vasquez] Everything must be investigated, because it involves not only penal but also disciplinary, measures.

[Artunduaga] Mr. Attorney General, our director Dario Arizmendi is in Madrid, Spain. He wants to ask you a question, too. Dario?

[Arizmendi] Thank you, Edgar. It is 1304 in Madrid. I would like to ask—precisely because we are in the Spanish capital—about the preliminary investigation regarding the conduct of Humberto de la Calle, vice president of the Republic and Colombian ambassador to Madrid, and his alleged participation in politics, given the letter he sent to President Ernesto Samper Pizano concerning the prosecutor general's term. The issue is being studied by the state council's fifth section.

[Vasquez] Yes, my dear Dario. Good morning from Colombia and good afternoon over in Spain. In fact, as it was reported last week, a Colombian citizen filed a complaint against the attorney general. He considers that this intervention does not correspond to the rank or official authority bestowed to an important official of the Colombian Government. The case is currently in the preliminary investigation phase, but this in no way ascribes any responsibility. However, some accomplishment or reply must be given to the citizen who filed the complaint. Thus, it is currently in the investigation phase. One of the delegate attorneys in charge of supervising administrative affairs is conducting the investigation and he has been given specific instructions because the Colombian law says that only the attorney general can conduct the respective investigation, given his high authority. Therefore, we are barely involved in the preliminary phase.

[Arizmendi] Mr. Attorney General, does this mean that you or one of your trusted officials will directly contact with Dr. Humberto de la Calle in Madrid, or will he be summoned to Colombia for a preliminary deposition?

[Vasquez] I understand that the member of the Office of the Attorney General responsible for this case will

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carry out this task in a short time. He will carry out the formalities, meaning he will establish contact with Dr. De la Calle for the appropriate answers to some questions that the official must ask him.

[Artunduaga] We will continue our conversation with Dario Arizmendi in Madrid and the Attorney General in Santa Fe de Bogota but we will now talk with Foreign Minister Rodrigo Pardo in Washington. We apologize to the attorney general and to Dario. We will be back with you in a minute, because the minister is about to leave for an meeting in Washington and we want to greet him and ask him about his agenda and his first contacts in the United States.

[Artunduaga] Mr. Attorney General, we thank you for waiting.

[Vasquez] My pleasure.

[Artunduaga] Thank you very much. We would like to ask you a couple more questions, if we may take up your time. Mr. Attorney General, are the Attorney General's Office and the Office of the Prosecutor General authorized to investigate and discipline Mr. Heyne Mogollon?

[Vasquez] I have no doubts about the functions granted by the political constitution. The Attorney General is specifically granted this authority by the new laws.

[Artunduaga] Mr. Attorney General, does this mean that, if the investigations on certain cases allow it, you could also challenge his authority within the Accusations Commission, meaning the preliminary investigation he is currently conducting against the president?

[Vasquez] When you notice that disciplinary actions are called for within the course of an investigation you must turn over the case to the State Council so it rules on the ultimate sanction, meaning his authority, because authority can only be removed based on a ruling from the Court of Administrative Disputes. When the court orders an investigation and this calls for penal sanctions, then the case must be turned over to the Supreme Court of Justice. Thus, if the Attorney General's Office conducts an investigation it cannot decree sanctions in any case. This must be turned over to the appropriate authorities. The situation dealing with a lack of authority or the issuance of charges could undoubtedly fall within this context.

[Artunduaga] Mr. Attorney General, referring to Gen. Urbina's case, which has been closely followed by the country in recent days, what is more critical for the Attorney General—that a recording has been leaked, that an investigation proves the document was prepared by the military forces, or that the document is authentic?

[Vasquez] All those conducts must undoubtedly be relevant as they have been for our society, and they must also be relevant for the law, so it is appropriate to fully investigate the situation and reach the necessary conclusions.

[Artunduaga] Mr. Attorney General, common citizens—who are sometimes confused by everything that is going on in the country—feel that everyone is investigating everyone. Then things become clear along the way, meaning whether or not you can investigate someone else and if that person can investigate you. Could this be happening in the country?

[Vasquez] It could be that this involves even a conflict among competent officials or competent organizations which can investigate a case and decree the necessary disciplinary, fiscal, or penal measures—above all dealing with the current situations. However, I believe the main concern for a citizen is not the investigation per se but the fact that the culprits are not found or punished with specific measures. This is why....[pauses] The country demands an explanation and the appropriate organizations or officials must provide an explanation and achieve results.

[Artunduaga] You are very kind, Mr. Attorney General Orlando Vasquez Velasquez.

Ecuador

Duran-Ballen Addresses Nation, Criticizes Industry

PY0211190095 Quito Voz de Los Andes in Spanish 1700 GMT 2 Nov 95

[FBIS Translated Text] Before his departure, Ecuadoran President Sixto Duran-Ballen harshly criticized the production industry for its position regarding the current energy crisis affecting Ecuador and for being unacquainted with the measures enforced to overcome the problem.

In an address to the nation broadcast yesterday evening, Duran-Ballen said: Today I feel like a convict. Like a convict charged with high treason. Like a convict who has not served his sentence, despite the fact that my administration has been permanently concerned about this issue.

In his message to the nation, and in an allusion to the energy crisis affecting Ecuador, Duran-Ballen complained that previous administrations only installed 565 megawatts.

He also announced that Mexico will loan Ecuador thermal power plants in order to palliate the energy crisis.

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Duran-Ballen said: As a temporary measures, we have been able to receive on loan thermal power plants which will be arriving in Ecuador on 2 November. These plants will generate an additional 15 megawatts.

In August, Ecuador and Mexico negotiated the acquisition of thermal power plants which will be interconnected to the national power grid, to thus overcome the country's energy deficit.

Moreover, the Mexican Government also granted a $20-million credit line which will be invested in the Ecuadoran energy sector.

During his visit to Ecuador in September, Mexican President Ernesto Zedillo said: We have already given our full agreement for the granting of a credit line that will help Ecuador overcome the current crisis it is experiencing.

Ecuadoreans have been experiencing severe energy rationing for the past three months in view of the drought that is affecting the region where the largest hydroelectric plant is located. This hydroelectric plant supplies 70 percent of the energy consumed by the country.

The government has established energy cuts of up to eight hours, but these increased as of last week, when the Esmeralda thermal plant, to the north of Quito, ceased to operate because of technical problems.

Duran-Ballen also reported that a contract will be signed on 4 November with a U.S. company, which will supply 125 megawatts.

Moreover, Colombia is already supplying energy to Ecuador through a transmission line on the border.

Foreign Minister To Visit Peru 5 Nov for Negotiations

PY0211141295 Madrid EFE in Spanish
0013 GMT 2 Nov 95

[FBIS Translated Text] Quito, 1 Nov (EFE)—Ecuadoran Foreign Minister Galo Leoro will visit Peru on 5 November to start the preliminary negotiations for definitely "closing" the gap in the common border of the two nations, which, over the past 50 years, waged three undeclared wars.

"There is currently a predisposition to promote bilateral relations, for which reason a visit to Peru has been scheduled. I will be the first to travel," Leoro told the press.

Leoro and Peruvian officials will try to outline proceedings to begin, in the medium term, the direct negotiations provided for in the Itamaraty Peace Declaration, which was signed in Brazil on 17 February and ratified in Uruguay on 1 March. The Peace Declaration put an end to the last Ecuadoran-Peruvian military conflict, which lasted from 26 January to 28 February 1995.

The Ecuadoran foreign minister's visit to Peru was announced one month after the visit that Peruvian President Alberto Fujimori paid to Quito to attend the Andean Pact and Rio Group summits, which were held in the Ecuadoran capital in October.

After the war in January and February — waged in a border strip in the Amazon region without markers, an area that both countries claim to own — the two countries have made progress in a process of easing of tension, with the support of Argentina, Brazil, Chile, and the United States. In the last stages of this process, it was possible to demilitarize the border and to sign a document that is equivalent to a nonaggression agreement.

The four countries are the guarantors of the Rio Protocol, which was signed in 1942 and which set the borders between the two countries, except for a 78-km stretch.

Presidential Candidate Jaime Nabot Outlines Position

PY0211180395 Madrid EFE in Spanish
1702 GMT 1 Nov 95

[By Edgar Hernandez]

[FBIS Translated Text] Brasilia, 1 Nov (EFE)—If Ecuadoran presidential candidate Jaime Nebot reaches power, his international policy will seek to find more opportunities for Ecuador outside the Andean Pact, and to make this organization operate more firmly, like the Common Market of the South (Mercosur).

Nebot believes that an integrated, open world without protectionism, in which rich countries help underdeveloped nations, is the solution for putting an end to the conflicts — even the Ecuadoran-Peruvian conflict — and for promoting sustainable development in all nations.

These are the principles that Social Christian Party (PSC) candidate Jaime Nebot, 49, advocated in his meetings with Argentine President Carlos Menem, Uruguayan President Julio Maria Sanguinetti, and Brazilian President Fernando Henrique Cardoso, during a brief tour of South America, which Nebot ended in Rio de Janeiro today.

The candidate, who is leading the polls in his country for the elections of 1996, said that he spoke with Menem and Cardoso about the peace process between Peru and Ecuador, because Argentina and Brazil are guarantors

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of the Rio de Janeiro Protocol, which set the border between Ecuador and Peru.

"I told them that Ecuador wants honorable, lasting, just, and sovereign peace, and they agreed on the need to work for this objective and to hold high-level personal contacts," Nabot said.

"We envision an integrated world in which contacts between political leaders, at an international level, are as vital as concepts and principles," Nebot said in an interview with EFE in which he evaluated his visit to the three countries.

"With the three presidents, our conversations basically dealt with the possibility of creating a partnership between Ecuador and Mercosur, in a four plus one deal," Nebot explained, after meeting with Cardoso and with Brazilian Foreign Minister Luiz Felipe Lampreia.

Nebot emphasized that Latin Americans must have clear, unified concepts in order to defend free trade and to oppose protectionism.

In this regard, he mentioned as an example the difficulties that Ecuador has faced in selling bananas to Europe — bananas are Ecuador's main export product after petroleum — emphasizing that Latin America has sufficient power to pressure and to eliminate the barriers that are imposed on it.

"Integration can yield benefits to expand the market, buying better quality products at lower prices. Integration actually operates at a world level," the PSC leader said.

He emphasized that Ecuador's membership in the Andean Pact, "which, incidentally, does not work the way I think it should and the way Andean Pact countries expect it to work, there is no contradiction whatsoever in directly negotiating the Mercosur alternative, and not only with Mercosur but with other continental and world organizations as well."

Concerning the Andean Pact, Nebot said "I believe it should be understood that integration does not mean a 'tariff agreement.' The problem does not deal only with tariffs but with labor flexibility, the unification of exchange and monetary policies, and the development of truly competitive basic productive apparatuses."

According to Nebot, Andeans lack aggressiveness in negotiations "to obtain advantages and to make concessions, operating as a group, like Mercosur is currently doing."

Nebot emphasized that he is not a neoliberal and that he advocates "the social market economy, humanist capitalism, and social liberalism, in which the efficiency of the market is supplemented by solidarity with the poor."

Nebot said he supports the policies adopted by Cardoso and Cardoso's line of thinking, adding that the Brazilian president has undergone considerable evolution since he formulated his "famous theory of dependence."

"Now I believe he is a man who, like me, has concluded that solidarity and efficiency are not opposing ideas, but rather that they supplement each other, and that a state can be efficient and, at the same time, care for the have-nots," he said.

He added: "I believe the time of the left and the right, of donor, parternalistic states is over. I believe the point today focuses on success or failure, solidarity or indifference, capacity or incapacity, isolation or integration. It is a position on which we were in agreement with Presidents Cardoso, Sanguinetti, and Menem."

Paraguay

Call for Drug Enforcement Program; U.S. Aid Praised

PY0211200795 Asuncion NOTICIAS in Spanish 27 Oct 95 p 20

[Editorial: "The Battle Against Drug trafficking"]

[FBIS Translated Text] The promise that U.S. legislators made to the president regarding an increase in aid to combat drug trafficking revives the possibility of carrying out a more effective struggle against this increasingly more active criminal activity.

Up to this point, U.S. aid has been more symbolic and lacking the necessary volume that would result in a successful and sustained action to halt the escalation of drug trafficking activity. This problem, which for years was not dealt with in an effective manner, has currently acquired increasingly more dangerous levels, particularly in view of the growing international connections with Paraguay.

Cocaine passes through our country to be shipped to other more lucrative consumer markets, such as in Europe and the United States. This transit-country condition has created dangerous situations which cannot be overlooked because of their impact on domestic security. This is because numerous and increasingly more powerful economic groups avid for power are surging under the shelter of the drug trafficking business.

If not controlled at the proper time, and if no drastic measures are adopted, such a situation may lead Paraguay to deplorable situations like the one that is

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currently affecting Colombia, whose political class is strongly influenced by the drug cartels.

We must admit that for quite some time, it seemed that there was no determination to launch a frontal attack on narcotrafficking activities. It is virtual common knowledge that the Chaco region was a location for drug transit operations and it seems that many fortunes were made by the old practice of looking the the other way when planes and trucks filled with cocaine passed through that region.

The killing of journalist Santiago Leguizamon was obviously a vendetta perpetrated by drug traffickers in view of Leguizamon's campaign against their control of the border area. The response to the charges Leguizamon made, which were published in this newspaper, was categorical: to silence the journalist forever.

Unfortunately, in addition to the homicide itself, something much worse occurred: the impunity that followed. This crime, like many other drug trafficking related crimes, went unresolved in view of a corrupt and subservient judicial system. Therefore, society was left defenseless, a situation that has deteriorated with time.

So much so that it was normally accepted for regions of the country to be considered a no-man's land. More specifically, territories controlled by border mafia cartels. The results were fatal. Crime grew and became increasingly more powerful. This is the time to react, before it is too late. U.S. aid may play a very important role in this effort. It is yet to be established whether the United States is aware of the real magnitude of this urgent challenge.

Peru

Fujimori Views International Relations

PY3010143295 Lima Radio Programas del Peru Network in Spanish 1400 GMT 21 Oct 95

[Interview with President Alberto Fujimori during the weekly "Enfoque de los Sabados" program by local and foreign journalists identified by anchorman Guido Lombardi—live or recorded]

[FBIS Translated Excerpt] [Lombardi] Engineer Fujimori, thank you very much for accepting our invitation.

[Fujimori] Thank you. Thank you very much for inviting me to this interview during a working breakfast.

[Lombardi] An austere working breakfast. Thank you very much colleagues Augusto, Richard, and Ismael for sharing this dialogue with the president of the Republic. My first question has to do with Peru's international policy. The visit of the PRC prime minister took everyone by surprise. It seems surprising that the prime minister of that huge country, China, should come several kilometers out of his way to visit Peru, a relatively small and unimportant country for China. This is a victory for Peruvian foreign policy. What are you negotiating? What is there behind this visit and the visit paid by the Malaysian prime minister?

[Fujimori] The visit by PRC Prime Minister Li Peng has an international meaning. We must not forget that the PRC prime minister is one of the most influential leaders in the world. Here in Peru we are probably unaware of its true scope, but the PRC has great influence and will become even more influential. The PRC believes it will be the first world economic power in the year 2010. We must replace the image we had until not long ago of the PRC—with streets swarming with bicycles and people wearing a sort of military uniform, etc.—for one of an economically powerful PRC within a socialist system, in which the United States, Japan, and all European countries are doing business.

We are beginning to harvest what we began to sow in 1991. I have already paid three visits to the PRC. The world configuration has changed and the Pacific region is increasingly important. This started, as I am sure many are aware, before the 1990's. This is why we started working with the PRC. I believe this initiative has started to yield results. Proof of this is the official visit by no less than the PRC prime minister who spent three whole days here. This is really unusual. We signed important agreements and our foreign trade—because we are interested in trade and must always be sure to make good deals—has increased significantly. Bilateral trade amounts to over $400 million.

[Lombardi] But in exchange for what did Li Peng spend three days in Peru? In exchange for Peru's support, at an international level, for a human rights policy that is questioned and questionable? If we add to Li Peng's visit that of the prime minister of Malaysia—where human rights also have a history of disrespect—you may be becoming somewhat identified with eastern hemispheric leaders of countries where respect for human rights is rather different to ours, where collective rights prevail over individual rights?

[Fujimori] The human rights concept is universal. I believe the international community sees that Peru has an independent stance and exercises its full right to voice an opinion and that this is part of the much talked-about sovereignty that must be practiced. The United States wanted to condemn the human rights policy of the PRC. This issue was raised during a meeting in Geneva. Peru firmly upheld its stance. It is true that PRC appreciated this greatly because the results of the

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vote was 21 to 20. In other words, vote 21 was that of Peru, which tilted the scales in favor of the PRC.

[Lombardi] Does Peru believe human rights are a domestic affair?

[Fujimori] A domestic affair that must be handled by each country. There are cases of violation of human rights everywhere in the world. Don't tell me human rights are not violated in developed countries. I have been in the United States where the human rights of the minorities are violated. They might not be intentional cases but it is a fact that the human rights are violated. You must not forget that in the PRC there are 1.2 billion inhabitants. Despite the number of people and the great number of different ethnic groups, order prevails and the country is growing. This is possible [word indistinct]. The government sets the guidelines and there is a kind of order that not necessarily entails a violation of human rights. In Malaysia's case, I believe human rights are respected. The problem with Malaysia is that we share a viewpoint of the meaning of democracy, particularly with its prime minister, that is, that democracy should yield results. Democracy is not merely a meaningless word. It is not a concept used every five years at the time of elections and after that nothing. When one visits a shantytown and wonders if there is democracy in the education field, you realize there is none. We share with Malaysia the same basic concept of what democracy means. I visited Malaysia in 1992. I want to mention a single example: Malaysia's trade amounts to $60 billion, yet Peru is three or four times the size of Malaysia. That country is the greatest exporter of microchips in the world. It is a huge emerging market. Why wouldn't Peru want part of that market, but not only Malaysia, other countries as well like the Philippines, Indonesia, etc.?

[Lombardi] We will have the opportunity to talk about that later. (Richard Bauer), of the Foreign Press Association in Peru, will ask you the next question.

[(Bauer)] Good morning Mr. President.

[Fujimori] Good morning.

[(Bauer)] Malaysia started to produce high value goods, yet the same has not happened in Peru. We are in the fifth year of our recovery process. While there has been growth, it has been in raw materials. Currently Peru exports a significant amount of minerals and fish meal, for example, but has not experienced the same driving force in manufactured goods, in the production of value added goods. Therefore, taking Malaysia's example, what did they do to start producing microchips, to create a great number of jobs, and what will Peru do if you think Malaysia is a good example of a third world country emerging fast? What can be done so that investments in Peru are channeled toward the production of manufactured goods, services, and not so much in the production of raw materials?

[Fujimori] First, I don't think we should adopt successful models from other countries. We must apply or, better said, design our own native program, a Peruvian program, like our struggle against terrorism using Peruvian technology.

At this point I would like to mention an important fact. As you know, Malaysia—like Thailand—is experiencing a development process that did not start five years ago but rather 25 years ago. Some 25 years ago, when Peru was still adrift, Malaysia already had well defined guidelines. Mr. Mahathir [Malaysian prime minister] has already spent 13 years in government.

[Lombardi] Are you insinuating something?

[Fujimori] Please, I am not insinuating anything. I am merely mentioning a fact. They began to experience development long ago. The same goes for South Korea. The process in South Korea did not start 10 years ago, it started three decades ago. What did Malaysia do? First it secured peace, because they also had terrorism, a type of terrorism as criminal as in Peru. (Yosha Ordi) attracted investments, promoted tourism, and—little by little—investors gained confidence. Complementary measures were implemented to attract investments for sophisticated manufactured goods. We believe Peru may tread the same path. We are just in our fifth year of the country's reconstruction process and investors are already beginning to gain confidence and have started to visit us. I am very optimistic that this type of activity—involving medium-level technology and, later, high-level technology—will allow Peru to grow in the long run.

[(Bauer)] Do you think the government should adopt measures to, for example, promote... because I know the Malaysian Government was not a passive protagonist. In Malaysia, as in other Asian countries that experienced spectacular development, at first the state somewhat led the development process. In Peru, however, as far as we can make out the market has to resolve its oun problems. Could there be certain incentives, I am not talking about the old system of subsidies, etc., but the state could decide it wants to attract this or that investment and then make a [word indistinct] effort, an effort in the labor field, etc., to encourage investors who will create new jobs may come to Peru?

[Fujimori] The state has a policy toward economic activities and has thus implemented measures that favor certain sectors. Two examples are (?mining) and

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tourism. In these fields we have good prospects that will help our economy. This is the case now, and we may implement other readjustments later. Let us not turn Peru into a mere machine, with the risks this entails. We want a sound economy. When I say machine I mean an assembly plant where only cheap labor is used and the risk of a stampede, as happened in certain countries, is terrible. We must follow these solid steps that may consolidate our economy.

[Lombardi] Augusto Ortiz de Zeballos will ask the next question.

[Ortiz de Zeballos] Good morning Mr. President.

[Fujimori] Good morning.

[Ortiz de Zeballos] Peru's return to the international arena—a subject that was probably neglected—and a much-desired healthy solution to the Ecuador case—which also attracted the world's attention—will enable Peru and you to become spokesmen for the readjustment of the nonaligned countries and for other possible priorities in international cooperation—such as channeling investments into urban areas, which in this continent amounts to 80 percent, into rural areas—and for reviving the idea of swapping the debt for investments in sustainable development projects. Could Peru use some of these priority issues to propose new game rules in this world in which the countries of the wrongly called Third World take the burden? Perhaps if discussions are stripped of the ideology of a two-blocs world and are focused on a modern and open-minded attitude, there might be space for new theories that Peru could uphold?

[Fujimori] Definitely. I believe there is a trend which Peru and a series of other countries can uphold. It is not a matter of making sudden changes, but of gradually convincing our interlocutors. Undoubtedly, there are subjects like the foreign debt, which is a very heavy burden for the country, but which can be handled. We have handled our debt with the commercial international banking sector, the World Bank, the Inter-American Development Bank, the IMF, and the debt with the Paris Club which we hope to reschedule in April which is the result of the 1992-93 negotiations. With the international private commercial banking sector we are working on the Brady plan with great success. I assure everyone that this Brady Plan will be very successful.

[Ortiz de Zeballos] Before the end of the year?

[Fujimori] We hope so. Peru must always seek to be competitive, from every viewpoint. We live in an increasingly globalized world and must be aggressive in our trade [words indistinct]. We must also show that third world countries, especially Latin American countries, carry some weight in the international community. The recent Bariloche summit is, I think, a clear sign of this growing awareness in two fields. First, in drug trafficking; on our responsibility, the blame placed on us. We wonder in a loud voice where the $500 billion drug trafficking money is laundered. Is it laundered in South America? Most of it is not laundered in South America. Where then? In the developed countries that are great cocaine consumers. Those countries handle drug trafficking. [words indistinct] Another field in which Latin America is gaining strength concerns interference. We will not tolerate indiscriminate interference. In other words, if Peru wants to do business with say Vietnam, which we all know is a communist country, we will do so. Why should only the developed countries do business with Vietnam. Peru also has a right to do business and nobody is going to prevent us, by law or by fining us, from doing so. This is why the Bariloche Summit agreed to reject unilateral coercive interference. I believe this is a very important step because the U.S. Congress, has been discussing the so-called Burton-Helms law, although I do not know if it has been approved or not. This law would prevent or sanction countries that trade with Cuba. We have no connection with Cuba and are very distant from the Cuban ideology, but it is for us to decide whether or not to do business with them. [passage omitted]

[Lombardi] (Richard Bauer) will ask the next question?

[(Bauer)] The banking consulting group sponsored by the World Bank is scheduled to meet next week in Paris. During this meeting, Peru will propose what the Economy Ministry has labeled its program: Toward an Effective Reduction of Poverty. I believe this is one of the issues in which you are very interested because in all your speeches you stress that so-called second-generation reforms should seek to eradicate extreme poverty in Peru.

What are the basic proposals Peru will submit during this meeting in Paris?

[Fujimori] Effectively reducing poverty is not mere rhetoric. We are achieving this through work, facts, and investments. This is what we have done in the last few years. Moreover, I would remind you that the defeat of terrorism is also an essential prerequisite for the eradication of poverty.

As they have done on two other occasions, this bank support group will meet again in Paris. During the last meeting we achieved two important credits for Foncodes [National Compensation and Social Development Fund] totalling $200 million, which are being used. In addition we proposed a debt exchange program for investments, to combat poverty and to achieve other objectives. We

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managed to get part of our debt condoned during these consulting meetings.

As I have explained on several occasions, the fight against poverty is multifaceted. First, we must generate jobs. This is done through investments, both private and public. Considerable sums are being invested by private groups. Public investments are generated through the collection of taxes which are channeled into needy groups. We have seen results in shantytowns and rural areas.

I would like to explain...[changes thought] I am not at all satisfied with the results obtained in the fight against poverty. There is still a long way to go but I would like to explain how we are planning public investment to combat poverty in rural areas.

We are now building small irrigation channels to improve the irrigation of units of 500 and 300 hectares. Instead of obtaining one harvest in the mountain region we are now obtaining two, that is we are increasing production. This is how we are combating poverty. Another example is how the Army with few funds, but with equipment and the support of the people, enter shantytowns and build roads. This lowers transportation costs for construction material and some services.

Speaking of services, we are also combating poverty when we build running water and sewage systems. This allows people to have water at much lower prices than bottled water and when...

[Lombardi interrupting] Using Conade [National Development Corporation] resources...

[Fujimori interrupting] with Conade resources we supply electricity and people have means to obtain a better education. These are specific ways to combat poverty. Another means is by building roads which demands large amounts of money.

This is what we intend to achieve during the upcoming meeting in Paris. I believe Economy Minister Camet is leaving for Paris this evening.

[(Bauer)] I would like to expand on the Economy Ministry proposal of the issues to be discussed during the Paris meeting. You mentioned a gradual functional and financial decentralization of social services as a means to combat poverty. The question is how will you manage these antipoverty programs and the resources for remote towns in rural areas and also for shantytowns in urban areas. To what decentralization system do you refer?

[Fujimori] [words indistinct]

[Lombardi, interrupting] Augusto [words indistinct] that question pending?

[Augusto Ortiz de Zeballos] I wish to continue with more of the same. Municipal elections are just around the corner and aside from who will be the winner—which is an issue we can discuss later—the issue now is who is doing what? How to complement the decisionmaking process of central, regional and municipal governments; how to capitalize a potential local leadership, of which you were the forerunner and which today is spreading, Mr. President. Candidates come forth as individuals, without any political party backing, they invite people to vote for them, and they receive votes.

Peru is witnessing a new political representativity scenario. This is extraordinary because it means there are no commitments to institutions or old leaderships and that true leaders are emerging.

Moreover, we have a country in which there is great migration and immigration. There is little decisionmaking power at the local level. There is not much future outside the main cities. All this should be resolved at the municipal level because besides being better acquainted with the situation, it also has access to the seat of power.

Furthermore, we have the problem of Lima, for example, which extends beyond the city limits, and the jurisdictions of those organizations in charge of handling the different issues. The metropolitan area extends far beyond the municipal government, which prefers not to handle certain issues.

Do these municipal elections offer an excellent opportunity for effectively implementing a better distribution of resources and a decentralization process from the bottom up?

[Fujimori] I will first answer Mr. (Bauer) on the gradual decentralization process to be proposed by the administration at the upcoming Paris meeting. This process is a fact and must be gradual in order to optimize the resources available.

The Peru meeting is now interested in a decentralization process to distribute resources, namely, to better distribute among the provinces those funds collected by the central administration. I believe that never before have we witnessed such large amounts distributed among the provinces ranging from large projects such as the (?Chavina-Chico) project, or the (?Talambo-Sana) canal, or the Talana thermal power plant in Tacna, or small irrigation projects, or the educational centers, etc. We are now decentralizing resources. We started from here. Granted this was done on a basis of a plan drafted at the central government level, but we were compelled by circumstances because we lacked a decentralization

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of economic resources. This is very important and we believe we have now achieved great progress.

We are gradually implementing a decentralized management of funds. When we assumed power, the resources allocated to local governments were insignificant. I specifically remember the funds allocated to the Lima municipality did not surpass 100,000 soles. This is why during his first two years, Lima Mayor Belmont was unable to undertake many projects because there was no collection of funds. [passage omitted]

Regarding allocations, these have increased from 300,000 soles per year to 300 million soles per year, that is, we have considerably increased our support for local governments. This amount is still insufficient. Nothing we do for the country is sufficient. [passage omitted]

[Lombardi] The president of the Republic is here at Radio Programas station to answer questions posed by colleagues of the Solar newscast. We will now go to the northern part of the continent. Pedro Luis Flores from Radio Caracas will ask the first question. Good morning, Pedro Luis.

[Flores] Good morning, Guido Lombardi and Latin American listeners. A cordial greeting to Peruvian President Alberto Fujimori. This is Radio Caracas from Venezuela. First, I would like to know why the Peruvian Government has not stepped up its recent participation in the Andean Pact after recently rejoining this organization, and why has it undermined this integration that has had a positive effect with Colombia and Venezuela. People talk about the need to relaunch the Andean Pact but at the same time it is stated that Peru does not actively participate.

[Fujimori] Good morning to all Solar's listeners. Peru, as everyone knows, temporarily left the Andean Pact. Despite this Peru still formally maintains bilateral agreements with each Andean Pact member countries. Everyone is aware of the disagreements since the times of (?Baraona). We have still not overcome them but we are working and building in that direction. For school kids listening to us, I want to tell them that Peru has an open economy, with a 15 and 25 percent custom tariff while other countries, like Colombia and Venezuela, have more varied custom tariffs that range from 5 to 35 percent. This prevents the creation of a true free trade zone. We believe Peru has always firmly endorsed an open economy and proof of this is that Peru and Bolivia have almost created a free trade zone, free of restrictions. [passage omitted] We hope that during the first quarter of next year, when the Andean Pact member countries meet, we will sign agreements to decidedly confirm the relaunch of the Pact because we must continue with the integration process. [passage omitted]

[Lombardi] We now welcome Miguel Rivadeneira, news director of Radio Quito. Good morning Miguel, go ahead with your question.

[Rivadeneira] Hello, Guido. Good morning President Fujimori. So far the five points of the Itamaraty Peace Treaty, which was signed on 17 February between Ecuador and Peru to consolidate a peace, friendship, and good neighborhood process between two brother nations, have been fulfilled satisfactorily. How will the sixth point of the agreement be implemented within this climate of relaxation, and what desire is there to start direct talks between Ecuador and Peru?

[Fujimori] [passage omitted] The decided goodwill of Ecuador, of the Ecuadoran and Peruvian Governments, means good progress has been made in implementing the first five points of the agreement. We now have to complete the sixth and most difficult point of the Itamaraty Peace Declaration. Contacts are being held at the Foreign Ministry level and they seem very positive. These talks are developing in a very frank, clear manner, with all the cards on the table. I know the two foreign ministers have held talks. The first thing they agreed was to include in the agenda the points the two countries wish to openly discuss. We will thus gradually overcome small problems and later discuss other [word indistinct] points. I believe the Rio de Janeiro protocol establishes a framework for negotiations that has allowed us to make great progress. [passage indistinct]

[Lombardi] Your next question, Miguel.

[Flores] We are aware of the difficulties of negotiations, President Fujimori, but there is great satisfaction because it is believed we are on the right path toward peace and direct dialogue between two countries which is what our people desire. What is the atmosphere in Peru regarding the upcoming visit by Ecuadoran Foreign Minister Galo Leoro in January. This visit will be followed by a visit by President Sixto Duran-Ballen after a climate of relaxation and friendship that should prevail between to two nations was been restored?

[Fujimori] Various formal and informal contacts during the recent summits have allowed us to prepare the atmosphere. In this sense Peru, naturally, and especially the Foreign Ministry has great expectation regarding Prime Minister Galo Leoro's visit. Naturally, as we have always reiterated, Ecuadoran President Sixto Duran-Ballen is expected here with goodwill on a visit we hope will take place in the first half of next year.

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The atmosphere of rapprochement and goodwill prevails on both sides [words indistinct] Peruvian side. We also set ahead the Andean Pact summit to prevent him [the Ecuadoran president] from having to make an express visit to Peru. Instead, he can make one trip within the framework of the summit.

I would like to reassert that he will probably not make a state visit, which undoubtedly can be arranged, but his visit will come within the framework of the Andean Summit and this is why it was decided to hold the summit in March.

All this will strengthen the atmosphere of reconciliation which is so important to bolster Ecuadoran-Peruvian goodwill and good neighbor ties.

[Lombardi] That was Miguel Rivadeneira from Radio Quito, Ecuador.

Mr. President, the following is a question from Lima. Regarding the recent summit in Bariloche, you just said there is an increasing regional consensus for a common voice, do you think this will mean the Andean Pact and Mercosur [Common Market of the South] will gradually lose their importance before the growing representativity of a South American consensus before the rest of the world? Does this consensus have an agenda, and is trafficking still the main issue on this agenda?

[Fujimori] It is certainly on the agenda. It is precisely this type of issue that encourage Latin American countries to establish a true bloc with its own [word indistinct] proper characteristics. The Andean Pact and Mercosur are independent subregional groups which will not disappear merely because there is a consensus at the Latin American level. Quite the contrary, we must continue to strengthen these subregional groups and later unite them so as to ultimately establish a true Latin American bloc.

One of the many issues included on the Latin American agenda is indeed narcotrafficking...

[Lombardi, interrupting] What are these priority issues?

[Fujimori] The Ibero-American summit established that these include the struggle against poverty and the achievement of economic development. There are correlated issues that prevent us from achieving development—and narcotrafficking is one of them. Without doubt narcotrafficking poses a serious threat to our economies.

In Peru, the exchange rate is not what it should be because of the inflow of $1 billion that enters through narcotrafficking.

I would like to add something on this issue that was discussed at the Ibero-American summit: The emphasis placed on money laundering.

We have always felt guilty about drug trafficking. I believe now we should not feel so guilty or even feel partly responsible for it. On the contrary, I believe those countries that are money laundering centers are more responsible. In these countries, money laundering activity totals $500 billion. Some 80 percent of this $500 billion, that is $400 billion, is laundered outside our region. The bulk of it is not laundered in South America, it is not laundered in coca-producing countries.

[Lombardi] Mr. President, Peru has basically directed its trade activities toward the Pacific, that is, Pacific rim countries. It has forgotten its traditional commercial partners, namely European countries. Should we not strive to maintain a sort of balance among our trade partners?

[Fujimori] I fully agree. Perhaps because of this emphasis on Asia and the Pacific rim, people think we have overlooked our other trade partners. This is not true. It is enough to cite two examples to prove this: Peru has become the first Latin American exporter of (?fish) to Europe. This is clear evidence that we have not overlooked this aspect. In the textile industry, we continue to increase our trade with the United States and are taking advantage and negotiating tariff rates and preferential rates with Europe. These mechanisms allow Peru to continue its trade transactions with the large European market and the United States. I believe that, as developing countries, Peru and all Latin American countries should interact with these emerging Asian markets.

Developing countries profit from the tremendous development in the PRC, Indonesia, the Philippines, and Malaysia. Why should Latin American countries, and Peru, be sidelined from this. Quite the contrary. We must enter these markets and take advantage of the situation. [passage omitted]

Agriculture Minister To Request Free Sale of Coca Leaves

PY0211235495 Lima EL COMERCIO in Spanish 13 Oct 95 p A25

[By Bernabe Calderon]

[FBIS Translated Text] Quillabamba, Cusco, 12 Oct—During the next Council of Ministers session, Agriculture Minister Absalon Vasquez Villanueva will propose the discussion of a bill legalizing the free sale of coca leaves, as was the case decades ago.

This is the commitment that Vasquez Villanueva made to coca producers and consumers who are holding their

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third international meeting in Arequipa and which is attended by representatives from Bolivia, Colombia, and the Upper and Lower Huallaga regions.

Villanueva Vasquez said that the idea is to establish production companies in coca-producing valleys so that these companies may freely sell their products but under state control and supervision. He added that this initiative will also allow the promotion of coca leaves industrial processing plants for charity purposes. Vasquez Villanueva was invited to close this international coca producers meeting. He said that there are over 200,000 families that live off coca farms. If the problem is not attacked at its root, he warned, in five or 10 years we will have somewhere between 300,000 to 400,000 hectares of coca.

Vasquez Villanueva urged wealthy countries and the international community in general to be aware of this problem and to offer their assistance to coca producers. He said that Peru and consumer countries, where this criminal activity is more profitable, are coresponsible.

He also announced that diplomatic negotiations have been undertaken in international forums to amend the UN resolution establishing that coca is a narcotic despite the fact that experts, particularly physicians, sustain that the raw coca leaf is not cocaine.

Vasquez Villanueva also distributed 1 dozen mills and rice mills, 12 flour mills, and 100 impact mills; 100 corn shellers; 4,689 shovels, 4,000 machetes, and 2,000 galvanized corrugated sheets; and two INA-67 Tractors to the Quillabamba INA-67 [expansion unknown].

Vasquez Villanueva added that U.S. businessmen have expressed interest in acquiring decocainized coca extract for industrial and beneficial purposes. He applauded these initiatives undertaken by private enterprise to transform agriculture products and grant income to coca producers.

He said that with this purpose businessmen representing a U.S. company met with him to notify him both verbally and in writing that they are negotiating with U.S. official organizations the purchase of decocainized coca extract.

Vasquez Villanueva said all possible efforts will seek to support peasants with the objective of promoting coca industrial processing projects for beneficial purposes because there are many possibilities.

Congressman Says Poverty Tied to Private Investment

PY0211235295 Lima EL COMERCIO in Spanish 15 Oct 95 p A4

[Interview with Carlos Blanco Oropeza, president of the congressional Budget Committee, by Jorge Saldana Ramirez; place and date not given]

[FBIS Translated Text] [Saldana] What results has the implementation of the budget in the social field yielded so far this year?

[Blanco] Until August social expenditures were more or less balanced. There has been no delay in the allocation of funds. Out of the 8 million soles that were budgeted for this year, 5 million soles have been allocated so far, that is, 62 percent.

[Saldana] How much progress has been made in generating jobs?

[Blanco] There are some social investment projects namely designed to generate jobs, such as the plan for the construction of health units (Foncodes [National Compensation and Social Development Fund]), small sewage systems, irrigation canals, programs for the production of files, track suits, and knapsacks. Up until August, Foncodes used up practically all the resources earmarked for these programs.

[Saldanas] Does this mean that the government's spending funds have increased compared to previous fiscal years?

[Blanco] Definitely. The budget for Foncodes, that started incipiently three years ago, has improved. The same goes for Pronaa (National Food Assistance Program) and Infes (National Institute of Education and Health Infrastructure). But I believe we must now focus on improving the quality of our expenditures.

[Saldanas] What do you mean by improving the quality of expenditures?

[Blanco] Just seek quality and the optimum use of fiscal expenditures in all social programs and not only on the specific programs. This is what we have a poverty map for, so that the government may know in what, where, and how it is going to spend fiscal resources on the community.

[Saldanas] Can we say that in 1996 the government will seek quality in its social expenditure?

[Blanco] By all means. Monitoring units must be implemented in each of the central government sectors to permanently see how to improve the services demanded by the citizenry.

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[Saldanas] Can the government goal to reduce poverty by 50 percent by the year 2000 be met?

[Blanco] I can't say whether this goal will be met. It is an ambitious goal and its fulfillment not only depends on the government expenditures. The most important contribution to meet this goal will be the investments, especially the private sector investments designed to generate jobs and thus attain the permanent conditions to be able to curb poverty.

[Saldanas] Is Peru capable, as other countries are, to earmark 20 percent of its expenditures to the social field and 80 percent to production?

[Blanco] That would be ideal. But we are far from that. Our expenditures are distributed differently, security and defense amount to around 20 percent while the payment of the foreign debt service still represents 15 percent of our budget.

Charges Filed Against Army Officers for Drug Links

PY0211105095 Madrid EFE in Spanish 2140 GMT 31 Oct 95

[FBIS Translated Text] Lima, 31 Oct (EFE)—Criminal charges were filed on 24 October against 11 Peruvian Army officers, including two generals, for their alleged links with drug trafficker Abelardo Cachique, the imprisoned leader of a Peruvian drug trafficking gang.

According to the Peruvian press, the charges of illegal drug trafficking and corruption were filed by Prosecutor Juana Cordova de los Santos before the 24th Lima Criminal Court, which is headed by Judge Cesar Herrera.

Some months ago, Prosecutor Cordova accused Major Jorge Luis Morales Hidalgo of accepting "contributions" from the Cachique gang to transfer drugs in light airplanes from Constitucion, Pasco Department, to Cali, Colombia.

According to EL COMERCIO, the generals being charged are David Jaime Sobrevilla, former chief of the Mantaro Political-Military Front from 1992 to 1994 and Carlos Perez Silva, former chief of the Countersubversive Base of Constitucion, which is located in the Peruvian jungle region.

Charges were also filed against a commander, four captains, and three lieutenants of the Peruvian Army, who were stationed in the Mantaro Front when the Cachique gang held control over that large Peruvian Amazon region.

Since the Abelardo Cachique proceedings began after his capture in Bogota, Colombia early this year, the Attorney General's Office filed one main charge and four additional ones against those involved in the Cachique case.

Cachique was sentenced to 30 years in prison after he was found guilty of high treason and links with terrorists, to whom he supplied weapons and food in exchange for security.

Venezuela

IMF To Provide $5 Billion Financing

PA0211160995 Caracas Venezolana de Television Network in Spanish 1545 GMT 1 Nov 95

[From "The News" newscast]

[FBIS Translated Text] [Station announcer Franklin Villasmil] The IMF will grant Venezuela a financing ceiling of $5 billion, Alejandro Scopelli, Inter-American Development Bank [IDB] representative in our country, has announced. The IDB representative explained the disbursements will be made in three parts. The first one will be when the letter of intent is signed with the IMF, the second disbursement, after the compliance of the adjustment plan currently being negotiated is assessed, and the third, when the fiscal deficit has been eliminated and the adjustment program is 100 percent implemented. In addition, $1.2 billion of the disbursement being prepared by the multilateral entities will be earmarked for infrastructure and social expenditure programs.

[Begin Scopelli recording] What is the idea? To verify and coordinate so that the effect of these resources poured into the Venezuelan economy in the short term will mean effective relief for the state. [end recording]

Ex-Coup Leader: President Caldera Should Step Down

PA0211042895 Caracas EL NACIONAL in Spanish 1 Nov 95 p D-2

[Report by Luis Guillermo Acosta]

[FBIS Translated Text] Maracay—Lieutenant Colonel Hugo Chavez, retired chief of the 4 February 1992 coup attempt, has said during a news conference that President Rafael Caldera should step down with dignity before the people overthrow his government. Chavez, who rose up in arms against the constitutional government of Carlos Andres Perez, has said there is a great difference between that government and Caldera's.

While Perez proposed an economic package to the IMF contrary to the interests of the people, Caldera's government has gone even further. It wants to give away the oil reserves, gold, precious stones, and other

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minerals, which constitute the wealth of the country, to foreign interests. In addition, it plans to give away strategic corporations such as CANTV [the National Telephone Company of Venezuela], which, by the way, has already been negotiated with foreign capital investors.

Chavez has said the way out of the crisis, in his opinion, is through a Constituent Assembly with new people, unlike the ones that have been ruling the country for the last 20 years, and by disqualifying the deputies and political leaders who have held the people under an outdated system that does not respond to current demands.

Chavez added that a new Constituent Assembly must be established by all means to avoid having the country go through elections on 3 December.

Chavez has said there could be a popular insurrection unless a referendum is called to cancel elections for governors, deputies to Legislative Assemblies, mayors, and councilmen. He has defined the elections as "a new fraud, because they will be controlled by the Supreme Electoral Council, which at the same time is controlled by the political parties, which have led the country to a situation of crisis and hunger."

He has said the patriotic officers in the Armed Forces are on alert to what is going on in the country.

Chavez added that the 200 Revolutionary Bolivarian Movement is doing everything possible to prevent a military coup or a civil uprising, but he has warned if a constituent assembly is not formed by people detached from the political parties rejected by the people, it could lead to an uprising.

Roundup of Economic Developments Through 1 Nov

PA0111232795

[FBIS Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 1 November.

According to Venezuelan Petroleum Inc. (PDVSA) President Luis Giusti, a petroleum investment fund will be established within three months with an expected initial capital of between $50 billion and $100 billion. This fund will allow Venezuelans to buy shares of PDVSA and share in the opening of the Venezuelan petroleum industry. (Caracas Venezolana de Television Network in Spanish 0200 GMT 26 Oct 95)

Hector Rivas Perez, regional manager for the Integrated National Service for Tax Administration (Seniat), has announced that 96 companies have committed fraud totaling 80 million bolivares against the national treasury. Rivas believes tax evasion could total 1 billion bolivares. (Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 27 Oct 95 p 15)

The government has decided to freeze 16,000 job vacancies in the public sector, a savings of 30 billion bolivares, as part of the implementation of Law No. 345 on government austerity measures. (Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 27 Oct 95 p 50)

Maraven, a PDVSA affiliate, will install eight production sites along the peripheral areas of the Tia Juana fields along the east coast of Lake Maracaibo, which will allow it to improve production by 2,500 barrels of crude a day, according to its operations directorate general manager, Fernando Puig. (Caracas ECONOMIA HOY in Spanish 30 Oct 95 p 15)

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